OUR INDUSTRIAL UTOPIA

AND

ITS UNHAPPY CITIZENS

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BY

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CHICAGO

A. C. McCLURG AND COMPANY

1895

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CHAPTER I.

UTOPIA AND EUTOPIA.

SIR THOMAS MORE, scholar and statesman, introduced the word *Utopia* into social science and politics by his immortal work bearing that title. The date, 1516, reminds us that one of its occasions was the discovery of the New World, an event or series of events which during the previous twenty years had stimulated the imagination of all thinkers. It was easy to dream that somewhere in this ever-growing field of discovery some bit of land might exist where a perfect society flourished. And yet the hard-headed Englishman named his blessed island Utopia, or Nowhere. This title recognizes the visionary character of the utopian scheme and protects the author from any charge of light-headedness; while into this visionary fabric of a state he is able to work a solid and valuable criticism of the social world about him.

This criticism is the immortal part of "Utopia." It compelled attention; it wrought itself into wise men's thinking; it became one of the instruments

of a progress which by the middle of this century had purged English society of the greater number of the evils mentioned in "Utopia." The destruction of tillage and increase of pastures for the sheep of the rich abbots; the dearness of victuals; the abundance of idle men and the feeble state of manufacturing industries, especially of cloth working; the crowds of idle retainers in great men's homes; the multitudes set between the choice of dying of hunger and of stealing and being hanged for it; the maimed and lame soldiers limping back in rags from useless foreign wars; the brutality of a country where one might see twenty felons hanging from one gallows—these and other pictures give us an insight into the real purpose of the wise man who wrote "Utopia." That the people of that no-man's-land had all goods in common is a circumstance adopted from Plato's Republic along with other stage properties of a communistic order.

I have no doubt that the learned Sir Thomas—or rather plain Thomas, for he was not yet knighted—would have called his perfect island *Eutopia* had it not been necessary to confess by the very title the chimerical nature of the speculation and so to make it safe for him to assail the evils of his time and country. Since the English birth of the book (which did not occur until after the author's death) every scheme of reform has in its turn been called Utopian, and many have been offered which were chimerical; so that the unsubstantial and impracticable part of the speculation has been kept in full

evidence before the general reader; while at the same time the possibility of a happier world has grown to strength in cultured men through the success of the critical part which the wise Thomas insinuated into his account of a perfect people.

While the special evils of Sir Thomas More's age have disappeared, a large number of people believe or profess to believe that we struggle under greater burdens, for which a communistic Utopia is the only cure. These are more utopian than the author of Utopia; for it is certain that he had no faith in such a remedy. But another group of thinkers has gathered about the idea of a *Eutopia*, a social and political condition of great and general enlightenment, virtue and abundance. It is this eutopia which is the theme of the following essay.

For some years now Utopia has been written about as a *Eutopia*, a good country in which, through invention on the one hand and virtue on the other, men may attain to a high level of well-being. But, among the Utopians, "though they had very few laws, yet all things were well and wealthily ordered," and "every man had abundance of every thing;" and these common characteristics, virtue and abundance, may be a sufficient reason for retaining the old word with the new contents which are better expressed by *Eutopia*. Veneration for that great light of English civilization, for the Sir Thomas More who was great enough to be a martyr, and strong enough to be immortal, has withheld me as often as I have

resolved to change the etymological sense of his word by changing its Greek particle.*

We are living in Utopia; the only Utopia there is or can be. We have gradually conquered this promised land. It is bounded by Magna Charta in the rear, by Invention and Ability on the flanks, and by Evolution in front.†

We entered the country by a long march to Liberty of which Magna Charta may be called the point of departure, and government by the people the objective point. We took possession when Invention found the steam engine and combining genius gathered in its harvests and scattered them broadcast over society. All the dreams of mankind make Utopia, by whatever name they call it, a country of abundance.

> "A land of corn and wine and oil,
> Favored with God's peculiar smile,
> With every blessing blest."

And in our Utopia this abundance is widely distributed among a people so fortunately free and enlightened that the old forms of inequality gradually disappear and only those remain which are ordained and maintained by natural and moral law.

All Utopian dreamers have made one serious

*οὐ = not + τοπος = a place; not a place, nowhere. εὐ = well, happily, fortunately + τοπος, a place; a happy country, a country supplying the means of happiness.

†Perhaps it is not the best way with words to make so general a use of a term having a very special value in speculative science and philosophy. But the word *evolution* has become a substitute for the less definite terms *growth* and *progress*. The newer word is sadly overworked; we evolve everything in these days. From a system of philosophy to a new mouse-trap, the favorite description of the becoming of a thing is that it is evolved. In this essay the word is used sparingly and always as a more definite term than *progress*.

mistake. They have assumed that Utopians are a happy people, universally happy in the enjoyment of abundance. This error has produced another error. Living in Utopia, we have not realized our whereabouts because we believed that abundance would produce happiness; and we are not happy. All philosophers are agreed that abundance seldom or never produces happiness. The author of Ecclesiastes taught us that; and all later students of nature and man have learned the lesson. Enlightened and moralized human beings have in all times been happy in spite of abundance; and such persons are found in great numbers in our Utopia. The strengthening of character which is proceeding at a fair pace, under education and our industrial forces, will doubtless enlarge the number of people who are superior to the depressing influence of plenty. Still, it is true that we entered Utopia weeping and wailing and that we continue to indulge the luxury of our grief.

I wish to comfort the mourners, partly by pointing them to the riches of our Utopia, partly by laughing them out of imaginary sorrows, partly by exposing some of the inconsistencies of their alleged grievances. It has not seemed best to systematize rigorously the facts and reasonings brought up for review, because this volume is not a scientific treatise, but an essay upon some states of feeling put in contrast with some groups of facts. This essay will properly close with an answer to the most "burning" question of the time: "How can we secure happiness in Utopia?"

If one wishes to find a people contented and happy he must visit some region where superfluity is unknown. A traveler in the mountains of Tennessee found a man who said he had been rich once in his life. He had possessed six dollars, and lost it. There is more happiness per capita in these mountains than in Boston or Kansas, though Boston abounds in accumulated capital and Kansas in natural wealth. The sorrows of Utopia are psychological, and education, culture and refinement pay tribute to "the determined spirit of sorrow." The sorrows of our decade are the result of abundance poured out upon a people imperfectly moralized. Multitudes once happy in lowliness have become miserable under the thick falling shower of plenty which makes them fat. The wailing of the multitude is damned some intelligent and thoughtful people, who may be consoled by looking at the real causes of the discontent of their fellow Utopians. It is of more importance to check effectively the operations of various companies organized to promote a general emigration from Utopia back to barbarism, anarchism, collectivism, and other emigration schemes. These schemes are not likely to succeed, but they are quite likely to diminish abundance. We shall not move out of our Utopia, but we have already reduced our rate of progress in developing the resources of the new country; and the check has been administered by the enemies of Utopia, who are agitating for a general emigration back to the land of physical wants and degradations where people suffer and die in silence.

We owe our abundance not alone to labor-saving machines, but primarily to the economic order which we have as truly discovered as we have discovered electrical power. Liberty, the economic order, and scientific habits, have conspired to produce a plenty beyond the dreams of the imagination. The full effects of the accumulated forces have come to us during the last half century. Nine tenths of European and English wealth has been produced during those fifty years. Inventions would have been fortuitous if we had not found chests of commerce and industry whose special genius is as evident to historical observation as the genius of Napoleon or of Milton. It is still a folly of literary men to despise this new order of genius, and of collectivists to deny its existence. Follies must be lived with even in Utopia; but it is worth while to secure as many Utopians as possible from credulous adherence to the "folly of fools." If reflections of this nature have value only for "the remnant," it is still worth the pains to think over this ground. It is a right of the remnant to remain in Utopia; and there is always a hope that imaginary sorrows may lose their power over the judgment of mankind, that the remnant may grow into the nation, that a wiser humanity may come to possess the new earth created by this economic persuasion. No harm can come from hoping for such a development of human nature as may make the possession of plenty a source of happiness; and "the remnant" exists to give to this hope some promise of fulfillment. "The remnant" is not a

class nor is it found in some isolated corner of the country. It is found in all occupations: day-laborers, clerks, farmers, merchants, and mill-hands unite with teachers, clergymen, bankers and statesmen in the sound belief that no new and revised edition of nature or of human nature is to be expected, and that the old text of these documents will serve our purpose "if well lived up to." This wide distribution of people who are happy though possessing abundance may well encourage those who would fain see their fellow creatures happy in proportion to their physical endowments.

I desire to make my peace with the philanthropist. I hope not to have dealt too hardly with the good man who cannot understand how an economic order can be at once rigorous in its requirements and beneficent in its effects. This good man — I reverence him most sincerely — may be helped by familiar illustrations. Gravitation is beneficent; but it sends your child sprawling when he essays to walk, and he may receive fatal bruises; it pitches people headlong on icy pavements with fatal results in some cases; it precipitates men into pits and mines, down into canyons, and from the ship's deck into the sea. A society to promote the abolition of gravitation might make an appalling array of statistics. The summer shower is benignly beneficent. Yet men, women and children have died from exposure to gentle summer rains. They were caught in the open fields when an unwholesome condition of the body made the drenching fatal. Fire burns, kills, destroys everywhere. The first

lesson, almost, of a child is to keep out of its reach; and thousands of children perish in the process of education. The moral law is not less rigorous. The civil law is useless if it do not break the malefactor; wounded people, dead people will be found in the track of every law which is of sufficient energy to produce happiness. Love fills graves. That we are required to cultivate the industrial virtues is a lesson I draw from the failure of the unfortunate. The most sentimental reader will go part of the way with me. He will admit, for example, that a man earning a good salary cannot accuse economic order if by and by he is absolutely poor without employment. If his wife and children suffer, it is his fault. He ought to have saved a part of his salary. Such a case contains all the elements of hardship in economic life. For in all cases, forethought, caution, thrift, a *sharp vision of the future*, are the industrial virtues which save men in an industrial world. They do, in fact, save an overwhelming majority of us from calamity.

I should like to make my peace with the practical man who may regard my theory of industrial religion as "another ethical chestnut." I ask his candid attention to the ninth chapter of this essay. I have written with him before my mind as a great reformer, *in posse*, of our Utopia. To convince him that his pursuits have ethical health in them may release and mobilize a vast army of practical philanthropists—men whose daily work is a growing force acting in the direction of reform. The practical man has good reasons for believing in the

moral healthfulness of his pursuits; he may therefore welcome a call to duty as a working altruist; though he be as bare of ornament, he may be as effective as a steam dredge.

I hope that the simplicity of economics defended in this essay may relieve my readers of some doubts. The principles of production are presented in a simple system. Profits are defined as a reward of discovery or invention—all profits of every kind—capital and wages being fixed factors. Capital is divided into free, implemental and mobilized; and to simplify the treatment, capital and wealth are used as synonymous terms. The free mobilization of implemental capital is suggested as a solution of "the money question."

A larger hope is that my discussion of competition and combination may convince the reader that the consumer can do for himself what the free state cannot do for him; that statutory restraints are as unnecessary as they are ineffective. Their inefficiency is a constant complaint and the failure is sought for in the lack of despotic rigor in the law. I attempt to show that combinations do not escape competition, that they ordinarily bestow a gratuity upon consumers, and that trusts cannot "tax" people without their consent. We shall have the most ample protection when the consumer realizes that he is master of the masters of Utopia.

To gain in clearness, I have not hesitated to use the same article to illustrate different principles. Wheat and meat, for example, are superflu-

ities, the production of which is affected by competition, concentration, capital, money and labor. As the physiologist follows food through the vital organism, a sociologist ought to follow a commodity through the different stages of organized production and exchange. I have to add here that the reader will seriously mistake my purpose if he supposes this volume to be a collection of essays. However imperfectly unified, it is one essay in ten chapters, and each chapter helps to explain nine other chapters.

CHAPTER II.

SUPERFLUITY AND UNHAPPINESS IN UTOPIA.

I.

THE world's trouble at the end of the nineteenth century has the same cause as the madness of King Lear, and none of us has better comprehended this cause than the creator of the mad king. The play turns upon the possession of power over property; and the nature of the property in dispute is happily defined by Lear as the superfluous. He has foolishly divided his possessions among his daughters. He will henceforth live, now with one now with another of these daughters. He has stipulated for the maintenance of a hundred knights. But soon he is asked to dispense with half of them, and then discussion waxes hot. Goneril says:

> "Hear me, my Lord:
> What need you, five and twenty, ten or five,
> To follow in a house where twice so many
> Have a command to tend you?"

and Regan exclaims:

> "What need one?"

The indignant Lear replies:

> "O reason not the need. Our basest beggars
> Are in the poorest thing superfluous;
> Allow not nature more than nature needs,
> Man's life is cheap as beast's."

Perhaps it is not as novel as it seems, that the miseries of our time flow rather from plenty than from scarcity. If one complaint is more general than another, it is that prices are low and are continually falling. The veracity of the charge is nowhere disputed. It is not, however, absolutely new that prices are falling, nor is it a novelty that the abundance which is the cause of low prices should make us unhappy. It is, fortunately for civilization, an old experience that abundance has from time to time visited the human family, and it is such a peculiar family that it has commonly been made unhappy—generally in exact proportion to the size of the horn of plenty and the richness of its contents. Agur was right in wishing not to be "full."

Man is, no doubt, more or less a rational *animal*, and one proof of the dualism is a large capacity for irrational discontent. Here, for example, are we, the Christendom of the last decade of the nineteenth century, realizing in one experience that we have achieved vast conquests in the field of production, and also that the inevitable and coveted consequence of these conquests has come upon us in a deluge of cheapness. What else did we expect? What else did we desire? Of what use would have been the extending of our methods of wheat-raising to South America, South Africa, India and elsewhere, if the result had not been cheap bread? What use were there in all the inventions, discoveries, combinations, which have reduced the price of nails to one cent a pound at the

mill,* if the reduction had been prevented and the mill had gone on receiving ten to fifteen cents a pound? This pair of hints—cheap wheat and cheap nails—might have plenty of company. A rational person from Mars would say: "These sons of men ought to be happy. They have surely gotten the desire of their hearts."

Alongside of this cheapness of things there has traveled another pleasant and coveted result, an increasing dearness of men, or increasing wages. So far as the wheat is concerned, the American experience is not striking, because farm wages have always been (relatively to those of other wheat raising countries) high. But recent statistics show that in Essex, England, farm wages have, since 1874, more than doubled. As to the nails, no sane person doubts that since that date the purchasing power of a day's work in a mill has doubled, perhaps a good deal more than doubled. The wages our workman receives will procure him at least twice as much in things to consume and enjoy as his wages procured him in 1874. Now that result is just what we desired. We wanted to produce goods so cheaply that there would be a vast consumption of them; that everybody could buy them; that especially the workman and his family might enjoy them.

*This statement is above the actual price lists in January, 1894. Wire nails were sold at factory as low as ninety cents a keg of one hundred pounds; in December, 1894, at eighty-five cents. Cut nails were eighty cents on the latter date. Through the entire year cut nails were sold below one cent a pound at factory. See *The Iron Age*, New York, for January, 1895. But prices are for 60 penny nails, and the average cost of the kinds most used is probably forty per cent higher. Since July, 1895, the price of nails has been rising.

Now, suppose this thing had worked the other way exactly. The wheat would cost the farmer less in Dakota or Argentina, but he would get the old price for it; then an order of dukes of the grain field. Just that thing which our disordered fancy sees in every millboss, would be a grim reality all over the fields of production. Of course, that very black devil called competition must have been killed. But that is easy enough. Any lecturer on Utopia can kill the devil any morning before breakfast. Competition being dead, the boss would get all the gain of invention, provided, of course, men were foolish enough to buy his product at the high price—and had the means to buy. We ought to be happy that the boss so very, very rarely gets to be even a Knight of the wind-mill; that the gains of invention are distributed by means of reduced prices.

I should say that we have entered the frontiers of Utopia and that a score of years would suffice for the conquest of this Canaan of ours, if we were not so dreadfully and increasingly miserable in the abundance we are realizing, that we listen "with the whole length of our ears" to the crazy people (admission fifty cents; one dollar a volume) who tell us that we have entered the frontiers of the infernal regions and must turn sharp round and march off in another direction. We cannot be perfectly sure that the animal in us may not drag the rational part out into some of these wildernesses.

The imperfect distribution of wealth means an imperfect distribution of superfluity. It is of the

first importance to recognize the difference between wanting the necessaries of life and wanting the superfluities of life. The moral side of distribution is deeply concerned in the distinction. It is one thing to want bread; it is another thing to want beefsteak. It is one thing to want clothing; it is another thing to want fashionable attire.

Let it be said at once that there is no reason in the arguments of the daughters of Lear. Personal attendants were, though a superfluity, essential to the happiness of the old sovereign. And this essay is not an argument for cheap life, "as cheap as beasts." But we make a gain in clearness by knowing at the outset that all such sad matters as starvation, houselessness and nakedness are really excluded from a survey of our economic conditions, methods and results. Our people are all fed, clothed and housed in this modern industrial world. The exceptions need not be counted by students of economic conditions, and they are so little numerous that our charity employs itself in increasing them, not having sufficient employment for its exuberant sympathies. Nor is there any real belief in the mind of any sane person that our economic system will gradually reduce the masses to hunger and nakedness. Such a result would destroy the industrial system itself. For the system exists because it supplies the demand for superfluities; and starving people could not purchase superfluity. The system assumes that the mass of us have food and raiment, have risen above the level of primary wants, and that we are able to indulge ourselves

and our families with superfluity. The machinery of superfluity came into existence—and it is a vast system of machinery—because many persons had risen up above the life of the beast—the life of primary wants—and were able to satisfy their desires for the superfluous. And the system has gone on growing because the number of such customers has increased with an amazing rapidity. There are writers and orators who would deny all this, but there will always be foolish denials of plain facts.

It is true that King Lear's definition of superfluity is not exactly a popular one. We all like to persuade ourselves that what we want is necessary. The child feels that way about a frivolous toy; and her mother has the same feeling about a fashionable Easter bonnet. Nor is it easy to define superfluity in the popular sense. It is something which some one else possesses; but it is so various a something, ranging all the way from a plain frock to a steam yacht, that any general classification of superfluities is impossible. Anything that A wants is a necessity of life; anything that B has and A has not, is, in B's hands a superfluity. Of course it would cease to be superfluous if A possessed it. This variable standard is childish, although it is popular. King Lear was a man and did not plead that his hundred Knights were necessary; and rational people follow his example. His definition ascertains what is necessary to existence; all the rest is superfluity.

If we could trace the progress of a family towards want of the necessities of life, we should find

in most cases that they had possessed superfluities until want overtook them. Light on this point is given by charity itself, which is, and properly, not content with driving starvation from the poor man's home, but seeks to make that home bright with superfluity. The money you bestow upon a beggar, or upon a destitute family, is very liable to be invested in superfluity. Another light shines out of the pawnshop where, in the time of want, the poor carry their superfluities. Multitudes are at times in want, but they have behind them prosperous days when the overflow of receipts was poured into the superfluous — the overflow of enjoyable things. All such facts are a check against hasty condemnation of our social organization. If the poor had kept to the hard line of necessity, they would not now be in distress for food. If it were now a question of maintaining existence only there would be too little work for our charity. We shall have gained much in vision of our real troubles and distresses if we frankly agree that we have a great desire to see all our fellow creatures in the enjoyment of a considerable measure of superfluity. If we substitute for wild declarations about starvation, a rational demand for wider enjoyment of the overflow of abundance, we shall be better equipped for fighting down our social sorrows.

We shall not find it as easy to describe a wrong done to a man or to a group of persons. Starvation is definite and appallingly cruel. It is easily alleged and takes sympathy by storm. But then the charge that our civilization starves people is

not only false, it is wretchedly mendacious and criminally slanderous. It is the baser kind of lie that it makes a fictitious appeal to sympathy and a false starting point for reform. We need not take any new measures to secure daily bread for the people. Nor do the critics and reformers want change for that purpose. Every page of their books will show that they are concerned about superfluity—something more than just the means of existence. Now it is, let us repeat, not easy to define claims upon superfluity. One can hardly say that men are born without a right to it. What share each should have cannot be fixed by some abstract rule of equity. It must be ascertained by several tests, and all short rules are necessarily inequitable. "To each according to his labor" must be defined over and over again, and will not then divide equitably. For example, a child may be entitled to a great deal without having done a stroke of work. "To each according to his wants," needs more defining still, and we could never agree about wants. Other formulas may be dismissed in the same way. If we were dividing necessities, we might plead for the means of existence as a natural right: when we leave that ground of natural need, we must leave abstract formulas behind us, and try to deal with situations as we find them, aided by the traditional and vested. To leap out of the framework of society as we have inherited it and developed it is as impossible as lifting ourselves by the straps of our shoes. And yet we should not hesitate to try revolution if our system were starv-

ing our fellow creatures. It is because we are anxious only on the subject of superfluity that we can afford to trust to evolutionary growth.

It is not necessary to deny a value to those notions of equity which claim a large amount of superfluity for certain groups. That a workman is entitled to the range of superfluity to which he is accustomed; to the comforts and conveniences of his home; to variety and richness of food; to becoming clothing, no one ought to deny. But we see at once in such an example a very practical ground of right. We conceive that the workman has earned these superfluities. If any so-called workman has not earned them the right does not exist for him. We see, also, a value to the rest of us in making this workman comfortable. His worth as a citizen, a father, an artisan, are increased by giving him—even at the cost of fighting for it—the power to surround himself with a certain order of superfluity.

II.

The number of persons permanently maintained by charity, public and private, is no statistic of want. Very unfortunately, we must divide ourselves into capables and incapables, for economic purposes. In the latter class are children, the sick and infirm, the idiotic and paupers. Paupers are what they are mainly through lack of character. In indirect ways, society may be partly responsible for their economic failure. It is not so plain a matter as we could wish it to be. Certainly it is a dangerous doctrine that society is altogether re-

sponsible for their defects. We may easily dispose of criminal responsibility by similar reasoning; indeed some of our soft-hearted friends do so reason. But whatever disposition is made of this problem, the reader is asked to remember that the uneconomic regions, not cursed with large accumulations of wealth, have a larger proportion of mendicants. An ideal civilization would have no paupers, not because wealth would be better distributed, but because character would be economically perfected. All healthy and rational adults would be capable of self-support.

We are so much in the habit of regarding all our enjoyables as necessaries of life that superfluity has in common use no better definition than this: The superfluous is that portion of A's goods which B would like to possess. We have even lost the power of defining luxury except by a comparison of one man's enjoyments with another's. Perhaps the loss is a result of gains which have scattered, over the whole area of use, products of industry once found only in a few palaces. We read in the newspapers a score of years ago that "tea, coffee and sugar have become necessaries of life." In the sense that they are good for everybody, the contention is easily victorious; in the sense that they are essential to existence, it is contradicted by the experience of mankind. The majority of human beings are now living without these necessaries of our breakfast table. This economic order of ours has made these delicacies so cheap that the habit of using them has become general.

The same process of cheapening extends over most of our food, clothing, furniture and housing. A score of years back men wrote out carefully the proof that we must soon limit ourselves to a vegetable diet. Meat was becoming so costly that in a near future only the very rich would be able to enjoy it. The argument was good. Meat had been growing dear for some time, and for clear reasons. But meat is now much less dear, and we are assured that the use of it by the workman in Europe is rapidly increasing. An American workman has always regarded meat as a natural right of himself and his family. The cheapening of meat has come about through swifter and cheaper transportation, and through the economics of the great dressing and packing houses. It is our pleasing way to abuse whoever may be useful to us; and the railways and meat dressers are daily hauled up for sentence in the newspapers, and annually in the legislatures or in congress. This superfluity—there are healthy and robust vegetarians in great numbers—is claimed by most of us as a necessity of life, and we owe the claim to the inventors who devised means of cheap meat dressing and cheap transportation, including refrigerating devices. A Chicago prince of the shambles buys, butchers, transports and sells a bullock for one dollar and fifty cents. Hence the tears of the country butcher who cannot perform this function for less than three dollars. We consume the meat and abuse the prince of the shambles. He has made superfluity a common enjoyment, but the rural butcher

is in our sight "the victim of monopoly in a necessity of life." So men pitied the stage driver ruined by the railroad, and yet took as a matter of right the savings of time and money offered by railway princes.

These large additions to our list of necessities are for most of us pure gratuities. We did not lift a finger to make these things common. They have been conquered for us by the inventive and combining genius of a few whom we daily abuse. The prince of the shambles is the associate of a corps of inventors. All his gains over the country butcher have two explanations: first, invention; second, combination. He grows rich by saving for us in the cost of meat. He can make the superfluous necessary only by reducing its cost. Doubtless he will buy as cheap as possible; hence tears on the cattle ranches. Doubtless he will get cheap transportation; hence the tears of other shippers. Let the consumer of Chicago dressed beef lift up his voice and weep. No superfluity can be enjoyed without the sauce of sadness. Perhaps it is our self-respect which prompts us to grieve for the man whose loss is our cheerfully accepted gain. Having done nothing to earn the gain, being the beneficiaries of a charitable economic order, we feel the need of some kind of relief from a sense of obligation. And so we devise the theory that half our gain was stolen from the herdsman, and the other half from the small shippers on railway lines. We eat our meat in sadness, because it was in part stolen.

The authors of our superfluity are very selfish. The man who makes two blades of grass grow where only one grew before is very selfish. He wants more hay or better pasture, or a greener lawn. And yet he has been called a public benefactor. Rational people easily reconcile the two views. All modern diffusion of superfluity is just such a harmonizing of self-interest and public service. The double grass crop pleases the eye, and other men imitate its process. The pleasure is an enjoyable superfluity. It is a benefaction done for us by a man intent upon his own interests. We owe the pleasure to his selfishness, and since we cannot pay him, we go our animal way and weep over his selfishness. In this case we go no farther; in other cases we begin to inquire what right this man has to make two blades grow where one grew, and to mow a double crop. We are confident presently that he has no right to half his hay crop, and that some legislation is imperatively demanded in the interest of people who have no hay. The superfluity which the wit and energy of a fellow man has produced is conclusive proof that he is an enemy spoiling our goods.

There might be—nay, there is—a more plausible account of superfluity. The double crop of hay was the result of a demand for more hay or cheaper hay. Let us say that our appetite for meat is the cause of the fortunes of the princes of the shambles. We shall have regained our self-respect, and we shall be under the safe shelter of a pseudo-economic principle. We are not enjoying stolen beefsteak;

we earned it by—asking for it. Does it seem rather flimsy? That is easily managed. Enlarge your conception, and say in a broad generalization: "These princes of the shambles owe their fortunes to the society which surrounds them and makes their enterprise profitable." Now we are in excellent company. Mr. Henry George and his enthusiastic army of spoliation are by our side under the pseudo-scientific umbrella. If it keeps the rain of self contempt off from them, it will justify us in demanding: First, that the prince of the shambles pay the herdsmen all they want for their bullocks; second, that he pay the same price per pound for transporting a million car loads of beef as any other man pays per pound for transporting a single bullock; third, that he reduce the price we shall pay for dressed beef; fourth, that he go out of business and allow the rural butchers to grow rich. In this way science, morals, civic duty and general well-being will be harmonized with our enjoyment of a delectable superfluity, for our demands will end in these ethical propositions, which resemble the pleadings in a famous lawsuit. The brief ran thus: First, we did not borrow your old kettle; second, it was cracked when we borrowed it; third, we returned it to you sound and perfect.

III.

Wheat is another of our superfluities, the scarcity of which has been cried over in all times. A few years ago an enthusiastic pessimist proved, in an American magazine, that the time was near at hand

when wheat would become too costly for general use. Economic fact seems to love its little joke; for the wheat market took that particular time for a sharp decline due to excessive supply; and the price has now declined to a point where the American pig indulges in wheat; and enthusiastic pessimism has renewed its old lamentation over the hard fate of the farmer. Now, the unhappiness of abundance is always more painful than that of scarcity. A full beast can grunt with more vigor and effect than a lean one. Wheat has never been in universal use. The majority of our human family know nothing of it as an article of food. It is a typical superfluity; and there could be no better proof of economic progress than is furnished by the plain fact that its use is extending along with the cheaper production of this grain. It is probable that the rapid increase of use will take up the surplus and that for a few years higher prices may arrest the growth of consumption, but not for long. Probably only a small part of the wheat lands of the world have been opened by culture, and machinery has reduced the cost of wheat on the farm, while the cost of transporting it has made a larger reduction in the cost at the place of consumption. During the season of 1894, the cost of transporting a bushel of wheat from Chicago to Buffalo was one cent and nineteen hundredths of a cent. Whereupon we are asked to go into mourning for lake commerce. We are asked to believe that it is ruined. And yet we may be sure that lake commerce will go on increasing. Here as

elsewhere the small carrier is giving place to the big carrier; the big boats make profits on very low rates of freight, and bigger and better boats (with adjuncts of improvements in lading and unlading) may make a profit out of half a cent a bushel. It is, of course, a very sad thing that our bread is moistened with the tears of the small vessel men, and that the foul taste of "combined wealth" is imparted to every loaf we eat.

Transporting wheat is a large part of the business of railroads. The companies are, no one doubts it, "enemies of the people," and one of the great uses of a free press and a free pass is to fight these "wicked corporations." Every journal with a popular patronage must do some work against these dangerous enemies. We read in a metropolitan newspaper which is noted for its slaughtering of "financial fools" this crumb of comfort for those whom the wealth of railroads makes miserable: "The people have an uneasy feeling that somehow their burdens are growing intolerably heavy" with railroad extortion. We read in the news columns of the same paper that the average cost of transporting one ton of freight one mile was, during the statistical year 1893–4, at the enormously burdensome rate of eighty-six hundredths of a cent. It is a great reduction from the cost a decade back, but there is no consolation in facts of this sort. The railway company is bigger than the citizen whom it serves, whose fortune it has made, and he cannot help shaking his fist at it and promoting legislation to impoverish it. The citizen's com-

plaints carry a pleasing variety of contradictions. First, the freight rates and fares are extortionate; second, the men employed on the roads live on the verge of starvation. The more effective charge is that they are wealthy corporations. This is true of a score or two of the companies; but most of them are too poor to pay their debts, and a larger number are visibly bankrupt.

The calls upon charity for the relief of suffering grow loud and urgent in seasons of financial disturbance, and they are more recently a feature of strikes. All instructed persons know that the larger want is a fictitious one. Two reasons are patent as explanation of the calls for food. One is to expose to public view the hard heart of an employer who has reduced his men to starvation. Our excessive sensitiveness to human suffering makes such an exposure a useful weapon in the hands of a labor demagogue. The other reason is the political value of a starving body of laborers. The relief of toilers is sometimes a well-managed, dramatic display promoted by demagogues in order to convince the workmen everywhere that manufacturers starve those who work for them. In some of these cases there are a few people who after some months of voluntary idleness have exhausted their savings. Many more have superfluity on their backs, and in their houses, and some probably may have money in banks. They are all pinched, not being able to live in idleness as well as they did during the high tide of such a year as 1892. These spectacular charities are likely enough to become common,

and to run their course without much check from public opinion.

The Coxey movements of the early months of 1894 had a distinctly proclaimed political purpose while they were also fantastic exhibitions of the love of notoriety and cunning devices for capturing public office. Their so-called failure was not due to any obstructions put in their way by the public, but to the tenth-rate caliber of the men who led the industrial armies. There is no evidence that these armies were made up of men in need of charity and having an honest claim to it. And yet as a spectacle the army of idlers was a great success and deepened the sadness of many Utopians over the wretched economic order in which we are living. If we had an assured confidence in our industrial system, we should easily detect the shams, hypocrisies and petty vanities of this militant idleness. Not being able to command all the superfluities we desire, some of which are in the possession of our equals, we readily accept the professions of professional tramps, horse-jockeys and adventurers parading as workmen out of employment.

It has become the fashion to advertise for objects of public charity. Charities, relief associations, and private persons possessed of wealth, make known their charitable feelings, or spread free banquets in sight of the poor. The effect upon the weaker brother is unwholesome. The possibility of living without labor tempts to idleness or impairs the moral fiber at times when though a man be in a strait place, the worst thing

that can happen to him is to be relieved of the duty of fighting his way out of poverty. The spectacular poverty and the advertised charity do not prove that there is a deep and cruel wrong in our industrial life. They assume that Utopians are easily imposed upon, and that a considerable number of lazy or unfortunate people are willing to live, temporarily or permanently, upon the kindness of their neighbors. Apart from these spectacles and fictions the amount of necessary destitution of the primary means of existence is not large, and nothing short of a pervasive and omniscient despotism, compelling every man to work, would much reduce the number of the needy.

Modern life has made a great advance in this respect. The number of the poor has declined ever since the invention of the steam engine. For example, in the Rome of the Antonines a half million free persons were fed at public expense. This was not much short of half the free population of the city of the Cæsars. The evil then reached its climax, but it was for several centuries one of the great features of the life of Rome, that the government furnished a large part of the citizens with free bread and a free circus. Nothing modern is half so revolting as this spectacle; but European cities had a much larger mendicant population (relatively to total population) in the last century than they have now.

Now, our distress is about superfluity, not necessary food. The poor lack superfluity. We pity them because we cannot conceive of life without superfluity.

IV.

It is appropriate, if not necessary, to this theme to attempt a discrimination between superfluity and luxury. Economists are not agreed that luxury is an evil, because they differ respecting the nature of luxury and respecting the effect of luxury upon the general welfare. Things costly and expensive are commonly considered luxuries. Inasmuch as our industrial system struggles ceaselessly to cheapen all things contributing to human comfort or enjoyment, we may assume that luxury is undergoing a process of gradual extinction. That which was a century ago luxury is now merely superfluity. Webster's dictionary retains *silks* as an item of luxurious expenditure. Once they were; modern industry has placed silks in the list of enjoyable superfluities, and if a workman's wife indulges in a silk dress she is not accused of luxury. A better definition is made by a French economist:* "Luxury is large expense for small satisfaction." If a commodity cost much labor and yield little pleasure it is a luxury. Seal skin garments are very expensive, but they are also very highly enjoyable. They are therefore not luxuries, though they will always be rare and costly. The economical theory that the luxury of one means the poverty of many, is not demonstrable; and for the simple reason that a luxury is a kind of prize toward which men and women move by instinct; and the silk gown of a queen becomes a nearly universal

*M. Paul Leroy Beaulieu.

superfluity. If there had never been a luxury of that name, the beneficence of it would never have fallen upon many women. Let our definition of luxury stand: "Large cost for small satisfaction," and it will serve to distinguish luxury from superfluity. For in the latter the satisfaction exceeds the cost. Still, so defined, luxury .. a thing of instances; not, as it once was, of rich classes.

The theory of unproductive labor is fatally at war with Utopian tendency, which is towards a general diffusion of superfluity. For if "a demand for commodities is not a demand for labor" when the labor terminates in enjoyment through use—if a plow is the type of productive labor—then all labor for consumption beyond necessity must be unproductive and antagonistic to well-being. Labor employed in producing meat and wheat is in that view unproductively employed, and most of our mills are monuments of waste. It is not denied that the satisfaction of the desire for superfluity may add to the efficiency of the workman; but that must be set over against as manifest a loss of efficiency through use of other superfluities. The main question is one of aims and ends. Our Utopian ends and aims are towards superfluity to be consumed.

It is commonly said that the luxury of the rich causes the poverty of the poor. That is difficult of proof—in fact it is not true. If a sealskin cloak costs two hundred dollars, the popular reasoning is that the woman who uses it is depriving forty other women of comfortable cloaks which the two hun-

dred dollars would buy. (1.) Obviously there is no such proportion of women without cloaks of any sort. (2.) The only certain way in which the two hundred dollars could reach the forty destitute women would be in the way of charity—a doubtful blessing in Utopia. (3.) If the labor devoted to producing sealskin garments were devoted to the production of other superfluities, there is no proof that such a diversion of the labor would give forty women warm cloaks. (4.) Apparently the utmost result of the diversion to be hoped for would be a slight decrease of the cost of cloth cloaks through reduced wages of workmen; and even this is doubtful, and not a good when the account is balanced. (5.) As a general law of the case two hundred dollars expended in luxuries is not convertible into the same sum in cheap superfluities; the labor employed upon the luxury receives higher wages and the risks of seal-fishing are rewarded. (6.) The taste and skill developed in producing costly goods come by and by into the service of the many. If there had never been any costly luxury there could never have been cheap superfluity in the same kind. Every new item of fine work is a gain transferable to cheaper goods. The lessons learned in making fur garments are arts which Utopia never loses. But how is it possible that this generation of Utopians can be happy when they are all reaching out, as children stretch out their hands for shining toys, after the superfluity that is still out of reach? A better generation may suppress the rising sobs and fight back

the coming tears; this one is very young in Utopian life, and retains the emotional prodigality of childhood.

A glance at the history of modern luxury will be instructive. Glass windows began to appear in 1180 in English churches. In 1567 this use of glass was very rare and in noble families the windows were taken down when the houses were shut up. Charlemagne possessed all told two linen bed-covers, a table-cloth and a napkin; but even in the fifteenth century the queen of Charles VII. was the only woman in France who possessed a pair of linen chemises.* It was along such lines that luxury passed from the ostentatious to the comfortable. The age of chivalry had been luxurious in ostentation. Costly exteriors of no utility in proportion to cost, including gold embroidered garments, and arms ornamented with gold, plate of solid precious metal, drinking vessels cut with delicate skill and other such expensive display, made up the costliness of life. The rich man had many servants or followers and all the costly ornaments of life; but he had not the comforts of a modern workman. Two great lines indicate luxury always—one is ostentation; the other is unreasonable cost, cost out of proportion to satisfaction. Practically another line may be traced; the luxurious article never is a common article; as an ostentation its value would be lost if it passed into general use;

*About 1740 Dr. Joseph Priestley's mother made him take back to an uncle's a pin he had found there. He says she did it to give him "a clear idea of the distinction of property." But in our day a pin is too nearly valueless to be so used. The author remembers that in his boyhood, about 1840, thorn pins were used by poor people in Western New York.

as soon as many can possess it, it has ceased to be expensive. The histories are full of evidence of the scarcity of comforts in the sixteenth century. The use of fresh meat was confined to one or two days a week in wealthy families, though meat was not dear. Coarse grains were used by the great majority, and very little wheat was produced.* Sugar and tea were sold in the pharmacies by the ounce. So late as 1660, most of the delicate vegetables, such as asparagus, were unknown in England, and there were hardly any flowers except those of the fields. The consumption of sugar in the sixteenth century could not have risen to a pound per capita; in fact it is not probable that it exceeded an ounce. The consumption of sugar has risen by leaps and bounds: in 1734 it had climbed up to ten pounds per capita in the British islands; in 1845 it had passed above thirty pounds; in 1885, sixty pounds; and it has not yet stopped rising though it is estimated now at seventy pounds.

Chimneys are still wanting in a large part of the world. A traveller in Croatia wrote in 1888 that chimneys did not exist in that country outside of towns. The majority of the "settlers" in this country began without chimneys. Cabins having only a hole in the roof for the escape of smoke can still be found, and families live in them. As a common possession—of the majority of families—the chimney is not two centuries old. The most

*The south half of England was an exception, according to J. E. Thorold Rogers.

amazing change is in dress. Among a thousand men in a public street or park, no one could distinguish the rich by their dress. Women are said to reverse the rule; but the reversal is only partial. In the author's town the maid servants are, on the average, as *expensively* dressed as their mistresses; differences of manner and taste make it easier to select the mistress than the master. It is a complaint all over Utopia that the maid dresses just like the woman who employs her.

The most striking change is in the service of the rich man. Two centuries back he had his own barber; now he and his clerk are shaved in the same shop. His house was full of servants; many services which he now gets in public places were a luxury of his palace. His social value was increased by his having a palace full of idle people. In our day the English nobleman or wealthy manufacturer still employs a needless array of domestics; but it is by force of the old habit and a kind of complacency towards the servants. The state of things in this country is industrial for the most part; servants are employed because they are useful. An amusing illustration came up at the outset of the World's Fair in Chicago. Some member of the "Four Hundred" in New York, stated that in Chicago the rich man's door would be opened for a guest by a maid servant; in New York by a man. It is hardly exact in respect of either city; but it was not coarse vulgarity which laughed the country over; it was the contempt of American civilization for ostentation in the forms of service. Display

for the sake of display, expense for the sake of expense, a large staff of servants as a badge of wealth; these things are out to stay out. A few light-headed people will try to perpetuate them; but they are not socially required, nor are they more than tolerated. Gaping admiration of them is dead in Utopia.*

The author of "Towards Utopia" † has some singular ideas upon luxury. He regards cabs as a common necessity, and reasons that if people were honest a great economy would be possible. Each user of a cab would find his carriage at a convenient stand, and after using it return it, leaving the right change in a box, and the cost of the cab drivers would be saved. We should say that in this country a cab is a luxury. The rich and the poor ride at five cents a fare on railroad lines, street cars and elevated tracks. A cab is now and then of use, but it would be of small use without a driver to bring it to one's door. More amusing is this author's distinction between cigar smoking and pipe smoking; the first is a luxury, the second is not. Probably all smokers, whether of cigars, or pipes, would be content to call tobacco a luxury; other persons are sure that it is a luxury.

Our "Free Lance" thinks it probable that "cheaper beer and light wines may be consumed in Utopia," but he is very severe upon the extrava-

*Some readers may question the truth of this statement. Let them reflect upon their own feelings about the ostentatious display of finery. Desiring and seeking fine things are very different from a desire to display fine things for gaping admiration. The whole question between Lear and his daughters is raised in any case of finery worn or desired.

†"Towards Utopia," by A Free Lance.

gance of champagne and Madeira. The distinction is not so clear; sobriety is more threatened—more largely threatened—by the cheaper beverages; and the large cost in aggregate falls upon what Utopians, in this view, would keep. Those who drink beer, wine or whisky will, when sober, make no claim that this beverage is necessary. The whole business may be regarded as a luxury. Other superfluities which have no such contingency—to use a soft word—as drunkenness, will give higher satisfaction at less cost. An industrialized Utopia will have learned the art of temperance and dried up the great stream of drunkenness which flows through all our provinces. The "Free Lance" finds in jewelry, house decoration and silver plate a great wastage; though one feels that the judgments are dictated by the bad taste of the decorations and the jewelry, and possibly of the plate also. In these things no such broad lines can be drawn. For good reasons silver spoons, wedding rings and decorations *of some kind* in our houses are desired by rational Utopians. And the "Free Lance" *has overlooked* the possible development of a better art in these departments of industry, and the training of skill which workmen receive, and the large fact that the highly-priced labor cannot be converted into so many dollars worth of cheap labor. The man who earns five dollars a day in house-decoration could earn only one or two in brick-making.

The case of the author of "Towards Utopia" making pipe-smoking innocent because he smokes

a pipe—he plainly says so—and hitting right and left the superfluities which displease him, furnishes a useful lesson concerning luxury itself, and confirms our judgment that luxury is the disproportionately costly and, we may add, the disproportionately dangerous to the general as well as to the individual welfare. Some risks are to be run. Men may eat too much of wholesome food and a love of finery may lead a maiden to ruin. In his lecture about the dress of women "A Free Lance" has wandered from his place as a man. Whatever may be thought by men of the fashions of female attire this thinking will have little influence upon the result, partly because men divide into opposing camps in the controversy, and always will; the one part delighting in feminine adornment, the other rejecting it as a *superfluous* superfluity. Women are more influenced by the first group. Our hope here is that a science of female dress may await us in some sweet valley of the farther Utopia towards which we march.

V.

We have discovered that our desire for superfluity is stronger than our desire of leisure. A theory prevailed during our earlier occupation of Utopia that we might gain very soon emancipation from labor except, perhaps, for two hours a day. If we were content with what we enjoyed fifty years ago, we could obtain it by much less labor; how much less it is not worth while to determine, for we practically decided without consulting each

other, yet with unanimity, that we preferred to put our savings of labor into the fruits of more labor. Very rarely a voice is heard calling for more leisure and repeating the old argument for very short hours, but the cry gets no response. Utopians want much, and are willing to pay for it in effort.

A gradual reduction of the length of the daily task has gone on, however, ever since we crossed the frontiers of abundance, and yet the reasons for it have not been the old ones, that fewer hours will yield enough. We know nothing of enough. Perhaps Jacob and Esau are the only historical persons who had enough.* Our Utopian reasons have looked rather to the efficiency of labor, and we believe that ten hours are more effective than fourteen, and we are ready to believe that eight may be more effective than ten. Business men also have discovered that they can do better work in a shortened day. It is commonly said the shorter day is being conferred upon all of us except the farmer. The exception is hardly demonstrable. The farmer has always had his seasons of comparative leisure: and the sun does not shine fourteen hours daily all the year round; and plainly the farm labor is less intense and exhausting than work in mills. Perhaps the farm hand may be said to have first reached a happy adjustment of hours to strength.

It may be that we shall tire of the struggle for abundance and acquire a real thirst for leisure. Many people think they want leisure, and yet they

*Genesis XXXIII. 9-11.

spring up almost automatically to grasp by labor any specially desired superfluity. No doubt there is a more or less vocal sense in them that the labor ought not to be required as a condition of these coveted possessions, but they prefer laboring to deprivation of the special form of abundance which has riveted their affections to itself. Some hint of the future may be contained in the development of the doll and toy industries in Utopia. Some one has said that at least ten dolls or toys, or both, are manufactured for every child under ten years in all Christendom. This means but one doll or toy a year for each child, and many children, and their parents are not rich, have a hundred a year. A large amount of labor is devoted to the production of these superfluities. The people of entire towns in Germany, the Tyrol and elsewhere, do nothing but make dolls or toys. A newspaper asserts that Sonneberg, Germany, exports more than a hundred millions of dolls annually. But children outgrow the desire for dolls and toys; will a near-by generation outgrow the desire for superfluities of many kinds and find rest in substantial comfort? And what will comfort them?

We prefer work to privation of superfluity, but we do our work with a deal of grumbling about the "hard necessity" of it. It is useless to dwell upon the painful features of work. To be pitied to his face—by some seeker of votes—because he is "crushed by toil," is one of the rare satisfactions of many a Utopian. The more important matter is the absolute certainty that the present race of

Utopians would be far more miserable if they were not "crushed by toil," in other words if they did not daily pursue some occupation. Many a Utopian has, from choice or necessity, experimented with idleness. The men standing idle all day in the market place endured more than their fellows who, in the vineyard, "bore the burden and heat of the day." Any Utopian out of work "knows how it is himself." In employment or out of it, therefore, our present day Utopian is appointed to sorrow. There is for him no sufficiency, and therefore no escape from the miseries of abundance.

VI.

A prosperous world must be an unhappy one until men are more rational, for there is no device to secure equality in prosperity. And the inequality will surely cause unhappiness. It is possible for the meanest humanity to be happy in a common poverty, that is in conditions where there are none richer than others to be seen or heard of. The mere report that some man at the other end of the world is rich will cause more sorrow than a thousand funerals. The animal man may reconcile himself to the loss of a wife; the loss is not irreparable, but he cannot reconcile himself to the riches of an Astor, because the sorrowing man has no hope of depriving the Astor of his possessions. There are many people in every community who have been civilized or Christianized out of this unhappy condition, but the feeling that any advantage possessed by another man is a wrong done to himself is

innate in the human animal, and it will break out in some form of indignant grief in large bodies of mankind. The demagogue is on sure ground when he exploits this feeling.

In self-governed societies, we must reckon with this feeling. If they are enlightened and surrounded by an honest majority, the unhappy people will seek to cover up their feelings of envy and to develop a system of pretexts to justify spoliation. The demagogue must devise and maintain the false pleas. The real motives for spoliation are: (1) You are richer than we are; (2) We think we can outvote you. We envy you and we have the power to reduce you to our level. The lines of attack may be followed easily; one needs only his newspaper. And it does not always require careful selection of the kind of newspaper. A high-toned political paper may serve as well as the organ of Johann Most. The first work of the demagogue is to exaggerate the wealth or the gains of the rich. If the troublesome millionaire is worth a million, call it ten millions. If he is worth ten, call it two hundred. If he gains fifty thousand dollars a year, call it half a million; if he loses, say nothing about it.

The next work is accomplished by the use of epithets, such as mill-tyrant, plutocrat, gold-bug, Wall-street, etc., etc., through a long list of powerful arguments. More effective still is it to persuade "the people" to call themselves bad names, such slaves of capital, mudsills, and the like. The effectiveness of these epithets cannot be denied. A

very great advantage they have is that no brains are required either in the invention or use of them; and still another is that by use of such a term the demagogue asserts in a fraction of a second a falsehood which may require a month to refute—and "the people" will never listen to the exposure of a welcome slander.

The next step is so to employ exaggeration and bad names as to rouse the passions of "the people." Passion is the most convenient of all political engines. (1.) To mad people you may address any sophistry, any lies, any "principles" of action. All the hard work is done for the demagogue by the madness he has inspired. (2.) The passionate people will club their neighbors into silence by "the power of public opinion," that is to say the opinion of the mad people. Physical violence is very rare at this stage of the movement; but the wisest people in the community keep their mouths shut. They know that argument will be wasted, and they would suffer loss of trade or friendships by opposing the dominant hallucination.

So far all is easy for the demagogue. He has under him a solid platform, hatred of the prosperous. He can trust that platform under any weight of hostile argument. His weapons of assault are perfectly fitted for his kind of warfare. But he obtains only partial and temporary results. Somehow the mill-boss, the plutocrat, and the gold-bug continue to exist and to thrive. In fact whatever sinister designs these wicked people may entertain

may gain support now and again from the demagogue; and pious saints who cry out against plutocrats may grow into plutocrats through crusades against plutocracy. The base feeling of hatred of class by class may be completely masked and yet the mad people may come to a relative sanity.

The wrecking of our economical order is easy enough, theoretically. It is impossible, practically. The organization of hatred is swift and the passionate stage may be reached soon. But "the people" do not stay mad; and if they could stay mad some very human results would disgust them with their crusade. One of these results is that some of the crusaders will be found engaged in becoming plutocrats at the expense of the rest, or by "selling out" to the enemy. The hotter a popular enthusiasm is, the more certainly will somebody make gain out of it. It is still more natural for the emoluments of office to become an objective point in leading a people to industrial or commercial emancipation. It has happened to a group of "slaves of capital"-to learn that an apostolic leader has his pocket full of railroad passes including berths on sleeping cars. By the time these facts have deployed themselves before the mind of "the poor oppressed people," the particular movement will be going to pieces from other causes.

One cause may be a local victory. The truly good people have captured a state and proceeded to enact eternal justice. The effect is bad; their own prosperity declines. The plutocrat is found to be a poor minister among the Pennsylvania hills

who has saved, by severe self-denial, a thousand dollars and lent it upon the security of a farm in the redeemed state; or a hundred dollars saved by a sewing girl in New Hampshire has fallen under the grasp of that eternal justice. No compunctions; no reactions of feeling; bless you, no, not a whimper from awakened consciences. But it is a sad fact that since eternal justice came to the front such plutocrats as the Pennsylvania parson and the New Hampshire sewing girl will no longer lend their savings upon the securities of that "halcyon and vociferous people." In every way victory has disappointed the victors. Their saintly leaders know all the tricks of politics and have all the greed of the effete order of statesmen; and these leaders get good things of various orders of value while the poor grow poorer under the celestial management of people who are truly good.

Another cause of failure in these popular rushes for equality is that a part of the rushers are apt to be genuine plutocrats anxious to get more favors from Pluto than some other plutocrats get. The rallying cry is plutocracy, and the objective point of the army is plutocracy. In these cases we find a high order of refinement, a certain large use of literature, and a fine capacity for research. The plutocrat is very carefully kept out of sight, and a certain persistence marks such millennial progresses, because the rich leaders are able to develop the literary force and deploy it with tactical skill. And yet the princes behind the movement cannot always keep out of sight, especially in view of the

valuable uses they may make of seats in the United States Senate. Most of our crusaders against plutocracy have plutocratic generals, preachers and camp followers; and somehow these interested saints seem not only to carry the bag but to keep its contents, including all the gains of victory.

A more formidable obstacle to success is the divided and opposing interests of the interested reformers of the economic world. There is no common basis, except the envy and hate of those who are richer than we. And that common bond compels the reformers to hate each other; because our economic order has destroyed the hard and fast line between rich and poor. It is the trade of the demagogue to teach that there are a few rich and many poor, and no middle class. But, unfortunately for the reformers, elections are apt to show that there must be some mistake in the classification. A proposition to dispense with the formality of paying interest on capital meets with small favor because the poor parson can vote and the poor sewing girl has friends who can vote. Confiscation of a railroad develops a mass of poor stockholders and bondholders. If a state debt is to be repudiated a surprising number of one thousand dollar plutocrats come to the surface. Everywhere the reformer runs against the interests of some other reformer. For a little while a poor farmer may keep company with Mr. George, but he will presently discover that he prefers to own his farm, even at the risk of depriving some new baby of a place to plant his naked foot. He sees that it may be a

delightful thing for Mr. George to abolish the Georgian property by reform work, but our farmer prefers to retain his share of the plunder of the landless.

And then comes the opposition of civilized and commonsense folks. They do not spend their breath on madmen; but when the votes are counted the noisy "people" shrink back to the dimensions of a minority. They do not stay there quietly; but their noise is the chief inconvenience. Now and then they win a great victory. "The mandate of the people." How well that sounds. But in every election the people give a hundred mandates and half of them may be dead against the other half. Tariffs commonly need reforming, but the men who print "down with the millboss" on their banners will never reform anything until they cease to inaugurate and carry on class wars. An American producer of superfluity who obeys the laws is entitled to respectful mention—for him and his business—and the attempt to make manufacturers odious is on a level with all other assaults upon vested rights and honest possessions. Let us not forget, however, that back of all this organized discontent is the intense thirst for superfluity, and that reform of this or that seems to our happy Utopians an easy road to the desire of their hearts.

CHAPTER III.

COMPETITION IN UTOPIA.

I.

THE economic man is one of the burdens of discontented Utopian hearts. They desire the philanthropic man, and they regard the economic man as a coarse and brutal "supplanter" of their ideal. And thus economics and philanthropy come into collision: and as we are all philanthropists by profession, since the love of our fellows is the cult of our generation, it happens that a system of industrial and commercial life whose springs are in self interest becomes odious to all men whose hearts are in the right place. The difference between the two kinds of man is more a matter of feeling than of reality, but the wide difference in names and definitions assists feeling in excavating the chasm which it deplores.

The reality of things and their relations compels the economic man to help his fellows, and no man can help his fellows until he has first helped himself. If he is to render physical service he must have developed his own body and eaten his own dinners and learned the use of his own hands. If he is to render intellectual aid, he must first cultivate, strengthen and inform his own mind. If he is to bestow money or lands upon others, he must

first obtain them by his own industry and thrift. If he is to be a devoted citizen he must build up in his own selfhood something worth the acceptance of his country. So the economic man is by force of simple, natural necessity the predecessor, if not the father, of the philanthropic man.

Proceeding to a closer survey of the economic man we perceive at once that he is a rational creature, striving to put his powers to the best use. He produces under the most favorable conditions. If he is a fisherman he searches out the streams where good fish are most abundant. If he is a hunter, he ranges the woods where game is abundant. He sells his fish or game to the people who will pay him the highest price. This is all a very rational business, and it is typical of the "selfishness" of this creature. Nor does he, in all this, differ from any philanthropist. When Charles Kingsley, the philanthropist, went fishing—and he was a mighty fisherman—he got the best gear and sought the best places. A philanthropist does not deliberately select the dearest place when he wishes to buy a coat, nor does he sell his books or even his sermons to those who offer the lowest price. In all economic relations the philanthropist behaves just as John Stuart Mill's economic man behaves. So that, in the same field of exchange of services, there is absolutely no distinction between the two men. Set a philanthropist to buying and selling goods, and you will discover that he is a perfectly rational human being.

Look into any one of these economic transac-

tions and we shall see that economics and philanthropy come to the same result. It is related of President Grant that he once bought a horse from a Washington butcher. Delighted with his new horse, he exhibited the animal to a senator, pointing out the good qualities of the beast, and then asked the senator's opinion of his bargain, saying that he had bought this magnificent horse for two hundred and fifty dollars. The senator did not share the president's enthusiasm, and replied: "Well, I think I would rather have the two hundred and fifty dollars than the horse."

"That," replied the president, "*is just what the butcher thought.*" This pithy sentence shows up the "selfishness" of the economic man. The president preferred the horse; the butcher preferred the price he received. Every economic exchange comes to that test. No doubt the butcher wished more money; no doubt the president preferred to pay less. They made their contract at the point where each party got what he preferred to have in place of what he had in possession. Each may be accused of seeking his own interest; each satisfied his "selfishness" in the result. To each of them the exchange was a gain. This is the character of every purely economic transaction; the exchange is mutually advantageous. If, now, there enters into the exchange any deception or misrepresentation, this element is moral and not in any sense economic. It is not the economic, but the immoral man who should be scourged.

Certain type cases are brought forward in which

the one or the other party takes advantage of the *necessities* of the man with whom he deals. The case of an employer and his workman is discussed in another chapter. As to other cases, it must be said first that they are usually fictitious. We must not forget that in such cases both men are engaged in an exchange, one is just as "selfish" as the other, and the hardship may be on one or the other side. In July a farmer may feel it a hardship that a consumer pays him only ten cents a dozen for eggs. In December the consumer may feel it a hardship that he must pay thirty. Being a Utopian, the farmer will never forget the July price or recall to memory the December price. The consumer's memory will show the same aberrations. This imaginary case is really typical of the larger part of the sins of the economic man as an oppressor of the weak. The sin loses its dark hues under the light of analysis. There are two economic men face to face in an exchange, and it is best for them and best for society that they should meet at the point where the butcher and the president made their bargain.

The Utopian imagination clothes sometimes the seller and sometimes the buyer with a cloud of "selfishness." If a Chicago packing house is buying cattle, this house is a selfish tyrant. If a sugar trust is selling refined sugar at four cents a pound, this greedy beast of a corporation is the cruel monopolist. A calm view is, that every seller must find a buyer and agree with him, and that our Utopian way of converting now one and now the other into a beast of prey is not a nice or rational

way. The herdsman and the buyers of sugar are just as selfish—just as rational—as the companies with whom they do business on the best terms they can get. No interest, not even that of philanthropy, would be served by their doing business in any other way. "Taking advantage of the necessities of others" is an unquestionable evil in actual business life. The remedy is not found by crucifying the economic man; it is another kind of man who should be hanged. Take a case: A is a workman who wants ten dollars to pay a debt; B is a petty dealer in money who exacts a hundred per cent or more of usury. Such cases are not absolutely rare; the more's the pity. The key to the case is that A is defectively economic. That is shown first by his debt, and second by his foolish bargain with B, who is defectively moral. Both men deserve hanging-up as awful examples. All such cases can be cured only by making a better man of B, and a more rational man of A.

"The selfish spirit of trade" is a neat collocation of words. Largely, the spirit of trade is a spirit of service, a desire to please and benefit the public. It is only on this condition that the majority of traders can secure their own interests. They must promote the interests of their customers in order to promote their own. It is the law of our economic Utopia and it converts into real philanthropists men who are really good economists. The man who has supplied the wants of a community has served them as they desire to be served, as buyers, not as paupers.

II.

Rigging the market—any devices which artificially limits supply—is in no sense chargeable to economic competition. It is largely imaginary. Methods which are vigorously assailed as "cornering the supply" are often methods of cheapening supply.

A "combination" will be found, after five years of life, to have reduced the cost and increased the consumption of the monopolized article. But if any such result as is commonly charged comes to pass, the accusers of the combination should elect whether they will charge competition or restraint of competition with the evil doing. Rigging the market is in fact a checking of competition; so, indeed, are all the crimes usually put to the black account of the economic man. If a competitor blows up with dynamite his rival's mill, it is in his capacity as a criminal that he commits a crime. The economic order cannot be charged with such a moral offense; there is nothing in competition tending to make a man a thief, a burglar or a murderer. We all know that crimes have malevolence and other bad passions behind them. Competition is only a rational effort to excel, exceed and succeed; the moral law and the moral nature must regulate the conduct of a competitor as it regulates the conduct of a teacher; each has a sphere of self-control. Oddly enough, our unhappy people want competition and do not want it all in a breath. Is it unkind to suggest that they want it when it will serve their interests or their *isms*, and in all other seasons do

not want it? A combination is a satanic thing because it appears to stop competition. A group of competing mills fill us with indignation, because their close competition threatens to reduce wages. Our alarm in either case is apt to have a dialectic value; if it be sincere then we have forgotten the restraints of nature both upon competition and non-competition or combination.

The economic method of finding out what are equivalents in any market is to place two economic men on opposite sides of the barter. If both *are* economic men the result is a purely rational result; each man gets what he prefers to what he gives. Values in exchange are rationally determined by being "selfishly" determined. And the rational method is necessary to the creation of superfluity. No other method has been seriously proposed; but the hardships it is thought to impose upon those who produce at a loss, or sell at less than they desire, make a sorrowful time of it in Utopia. Economic method produces superfluity by rewarding ability. Imagine prices to be fixed, and one sees that the motive to do his best is taken away from the producer. It happens in rural communities that there is no motive for producing good butter; for poor butter commands the same price as good. In the same way, the fixed prices lull diligence and inventive skill into slumber because a fair return is now assured. Philanthropy should seek the best results from human efforts; economic law secures those efforts. The result is a continual gain of superfluity, because the cheaper methods of

one producer tend to become common and then to reduce the cost to the consumer. Ordinarily nothing would be gained unless cheapness were gained. The man who reduces the cost of hats by one-half enables the wearers of hats to buy twice as many, or to devote the sum saved to some other superfluity. The economic man increases his own efficiency under a law which compels him to bestow that increase upon his fellow Utopians. The word "compel" does not mean that he is unwilling. That does not enter into his calculation. His improved method gives him what he seeks, a temporary gain. As soon as his method is extended to other mills the public reaps the entire gain.

This mill or another will then develop a new device of economy, with a like result. The result is often delayed by patents—which are not purely economic devices—but even then it is only a question of the time when the public shall receive a free gift. These gifts make all philanthropy turn pale. For example, the manufacture of a chemical substitute for madder confers a benefit estimated by Sadler at twenty millions of dollars a year, and this is only one little thing in a million.

It is not the place to consider whether such benefactions of selfishness would continue in the philanthropic kingdom of collectivism. What is clear is that no philanthropic scheme promises us any better results in this kind; and it might be wise to reflect that there must be some good in the economic man out of whose hands such bounties are scattered among us all. The economic man is,

in the rational pursuit of his own ends, also promoting the welfare of the Utopians. It may be suggested that when philanthropy is wise it imitates the economic man in benefaction. To help men to help themselves is the ideal of economic benefaction.

III.

The economic man, we have suggested it already, is a competing man. Some Utopians indulge in a fit of sobbing whenever competition is mentioned. They think it to be the sum of all villainies, the negative of all human good. It is cruel, inhuman, base, degrading, and it is wasteful. The subject will justify a fuller discussion. Economic competition is not immoral competition. Both kinds exist in Utopia. Normal competition through which Utopians obtain superfluity may be described by an illustration. A species of cloth is produced by twenty mills whose united output is a million bales which the market will take up at one dollar a yard. It will be understood that the market will take up more at a lower price and less at a higher price. These mills produce the cloth at various costs to themselves. In the worst-equipped and worst-managed mill the cost is one dollar a yard. And the entire product of the mills will be sold at that price, possibly at a little more or a little less. In the best mill the cloth is produced at eighty cents, and there is a large profit; the next best mill produces at eighty-five cents; the others, except the last one, make a margin of profit. Up to this point the competition has been to produce at least cost

cloth for which each mill will receive the same price. The gains made in the mills remain in the hands of the stockholders or chiefs of the industry; the public receives no part of this gain. And at any subsequent stage of the competition, we shall have some manufacturers making profits because they produce more cheaply than their neighbors.

The theory followed out in this essay makes profits arise from successful competition. At the risk of excessive explanations this must be made perfectly clear. Suppose that all the mills paid the same wages, received the same price for their goods and in the end got fair pay for management and the ruling rate of interest for their capital. In this case there would be no profits. The money received for the goods would just pay wages, interest and the reasonable cost of management. The pervalent theory is that the amount received as interest is profits. It is simply normal interest on capital. Further, in the case supposed to exist actually, there is no competition. To all intents and purposes it is a trust system of a sort much desired by Utopians; each man and mill sleeps in the blissful security of fair wages, good salaries and normal interest. Now, practically, wages and interest are fixed and common factors, and so is the cost of management. There is no field for competition and so there is no competitor's harvest. But imagine now that one of these twenty men has devised a process by which the cloth in his mill costs ten cents a yard less than in the others' mills. This man gets a profit of ten cents a yard, for the

same cloth will command the same price in the same market. A profit of this nature—a more than normal return for the outlay—is an economic profit, a competitor's profit. In this profit all Utopians are interested. In a short time Utopians will receive this ten cents a yard as a free gift; for the process by which it is saved will pass into all the other mills. It is true that manufacturers do not always distinguish between interest on capital and profits. But their bundling of the two together does not make them all one thing. They are totally distinct in their nature, in their cause and in their effect. Interest tends to enrich very slowly the individual capitalist; wherever you see profits, you see the seed of a harvest of plenty for mankind. Wherever true profits are made the competitive man wins a victory; its first fruits are his; its full harvest is ours. This paragraph is interjected to make clear the much neglected law of competition.

Returning to our twenty mills, notice that no part of the gain is derived from reductions of wages or interest on capital. It is easily seen that a place for competition exists in the simple matter of combining capital and labor. A few years ago, a great steel consolidation paid an engineer a very high salary because he was able to extend to all their furnaces a simple economy which he had practiced successfully in one of their mills. Anything like large "profits" in regular manufacturing arises from such large economies. Observe that at the next step in this competition, the public makes

a gain. The success of the best mills has two consequences. (1) New mills will be built, as good as the best or better. (2) At least one, possibly five, of the old mills will go out of business. The result is a larger output. Now, at one dollar a yard only a million bales can be sold. At eighty-five cents, much more can be sold. The price will fall to eighty-five cents and the rule of profits will be as before, the best managed mill making the most profits, and the poorest mill making no profits, only normal interest. The public has received a donation of fifteen cents a yard, making an aggregate of millions of dollars. The process of improvement in the market or management or both, is renewed again and again until the cost of this kind of cloth has fallen to half a dollar a yard.

Now it is perfectly true that the gain of the public as a consumer must be reduced by the amount of the capital destroyed when inferior mills are abandoned. What happens is not, at least not regularly, a mill reduced to a pile of ruins, but a mill remodeled at considerable cost. But we do not wish to disguise or belittle "the wastes of competition." There they are, let us say, in ruined mills. Yet the aggregate of these losses are only a very small deduction from a great gain. It is the road along which economic competition transports us to superfluity. The melancholy part of it is that some of the runners fall in the race. But the only known mode of progress is the survival of the fittest, because it does the best work, and then extinction of the unfit because it does poor work. It

is very proper to commiserate the man who fails in this race. Raise a subscription for him; support him at public expense. Do what you like to satisfy his wants and drown him in superfluity; do what you will; but do not be foolish and insist that he shall have a chance to *run a mill at a profit*. That will cost infinite millions; and banish us all from Utopia.

IV.

Let it be understood once for all that a competition which changed nothing but the fortunes of the competitors—making one rich and the other poor—would be indefensible as a social system. Many good people see only these two men, or two groups of men, one growing rich and the other growing poor. Just so in the survival of the fittest, they see only that one animal lives and another dies; one race survives and another perishes. If they cannot think farther than this they must die unhappy philanthropists. The philanthropic and the practical mind—two minds very often reaching the same conclusions—agree that there is a great deal more to be thought of after the unfit has fallen out of the way. If we were to stop there we might give the world over to diabolism or chance. What comes after as a consequence of the survival of the fittest breathes a soul into the universe. A higher kind of beast, a nobler race, is the consequence of the competition. In a race at the Olympic games there would have been no results if there had been nothing but some defeated runners and one victor. There was a great deal more, not merely a wide

cultivation of the arts of running, but an improving physical humanity. The *afterwards* of a successful competition must vindicate it; indeed there is nothing else of a competitive order so clearly and strikingly beneficent. To reduce the cost of a yard of cloth from one dollar to fifty cents—not by any theft of wage or capital but by inventive skill—is a victory worth more lives than the battle of Waterloo. It is a beneficence which in collateral effects may reach the whole race.

There is a hardship in clean and straight competition. This hardship is often much exaggerated. Indeed that habit of magnifying several diameters is too common. A very natural belief will arise in an unprejudiced citizen of Mars, on a visit to this planet, that labor is an evil, to soil one's hands an indignity, if he read much of our "reform" literature(?). The truth is that the man who can only be an unhappy failure as a boss may be happy and prosperous as a clerk or a workman. His failure may be the only safe road for him to travel to success. But two distinct sets of efforts are made to remove this hardship. The first set seeks to give a nearly uniform value to the work done in all the mills of like kinds. This goes on naturally whenever (as in a cotton mill town) method seems to have come to a rest in perfection, or in something thought to be the best obtainable; and all the mills have a practically common method. Some hope that such a dead level may become general. They will have to kill the devil who makes most of our trouble in Utopia—the wicked

inventor. He is often inactive for some years, in particular industries, but there is no good reason for expecting his early demise. Still all progress halts at seasons; and some kind of status for each mill is arranged for. Common facilities and skill having made cost common, a new way must be found to secure to the producer a profit. The natural source of profit has been dried up by the arrest of the flow of improvement. A new source of profit, an artificial one, must be invented. This is found in an agreement, among all the mills of a kind, fixing the price, and the *amount* each shall produce. If such an agreement can be made and kept, all the mills may make a profit by adding what they all think right to the cost of production. And, if method is uniform in cost; if no new methods are devised; if the profit artificially determined is so small as not to invite other capital into the business, then the wastes of competition will be stopped. But the Utopians will not draw a penny's worth of gratuity from that group of mills so long as the artificial system is maintained. The general term by which in popular language this check upon competition is described is one of the most appalling words used in Utopia; it is spelled T-R-U-S-T. Relief from the wastes of competition has come, indeed; but it has come in the form of a savage and bloody-mouthed wolf. So say Utopians. But since Utopians are impartial in their animosities, they hate equally the cause of the cruelties, and the agent who gently removes the evils of natural and normal competition.

There is such a thing as immoral competition. If A steals the wool he puts into cloth, or by any other crime takes advantage of his fellow producers in the same kind, he has introduced an immoral element into the competition. He is a sinner, and the clergy will please look to him; though they are respectfully asked to confine their condemnation to the sinner. He is apt to escape his lecture and flogging because the august censors of industrial morals accuse the economic system rather than the thief they may have discovered. A banking system is not necessarily wicked because a clerk steals some of its money. The immoral competitor has a variety of thieving expedients. The theft which angers Utopians most is the cutting of wages. Let us look over that matter and analyze the process to discover the extent of his crime. It is commonly said that if one of twenty mills reduces wages, all the rest must follow the example. There are tons of literature devoted to this theme. Every note in the hysterical gamut of philanthropy—at five cents a copy or fifty cents admission—has been rung at its loudest on this theme. Even economists, when they have taken up professional philanthropy, have fallen into this slough of despond. Manufacturers are deceived and honestly profess to believe the falsehood.

V.

It is commonly said that every one of our twenty mill bosses, has the power to coerce the nineteen into cutting wages. The first thing to be

noted is that this one boss does not wish to coerce the nineteen ; if they imitate his meanness, all the mills will be again on a level, wages once more will be a common factor. The object of the mean man is to pay lower wages than his competitors pay. If they pay no more than he, the advantage to him in reducing wages is absolutely nothing, not a penny. He may be able to snatch temporary profit by paying less than others; as soon as the others pay the same his meanness bears no fruit. If the nineteen imitate this bad man, it is because they hope to get some of the "blood money." Unless a sweater produces enough to meet the demand —say for workmen's overalls—he cannot compel others in the trade to pay low wages; he can make more than they make ; he can tempt them by the vision of his bloody gains. But so long as what they produce is necessary to supply the market, they will stand to each other as though this bad man had not reduced wages; *he* will get a special profit by theft. What really happens too often is *not* a coercion of nineteen by one but of one by nineteen. The high minded manufacturer finds that the whole trade is in the hands of sweaters. He must become a sweater or retire. Nor should it be forgotten that the workman has something to say in this matter of wages. This is discussed in a subsequent chapter.

In this illustration it has been assumed that the goods of twenty mills are exactly the same in kind and quality. This does not conform to the actuality of production. The goods are apt to vary in

quality. In such case, the reduction of wages is often an effort to go to market at a lower price for an inferior cloth. More commonly competition is among kinds of goods of unlike cost. For example, the struggle may be to produce a calico as "tasty" as a gingham, or a gingham at a price which will tempt the purchaser to pay a little more "and get gingham" rather than be content with calico. But of course this makes it no easier for one mill to cut the wages in all mills.

It is said that competition is not so simple as it is made by one example of twenty mills producing the same kind of cloth. In truth, the competition is much more complex; but the general effects are the same: (1.) A profit made by excelling in satisfying some kind of demand; (2) a gratuity to the public in the form of cheaper or better goods. The profit looks larger because it is set up in plain sight as a fortune made in a few years; it is really very small in comparison with the gratuity, which, however, is scattered abroad among so many people that it must be found by a mental effort. A silver thread of water pouring down from a great height attracts attention, and travellers make long journeys to see it; but multiply it a million times and add the sum to the ocean and you will discover no change of level in the great deep. One complexity is that new things compete with old. One or two brands of baking powder have long held the American market. New kinds are coming in continually, struggling for the trade. Meanwhile other ways to the end reached by baking-powder are

sought diligently, and the competition may be trusted to secure us a cheaper article. The competition in the production of cheaper textiles for women and children is thorough and sleepless; the result is a variety for selection, the goods having different values, perhaps different utilities, and different prices. A duty of one dollar a yard on all cotton fabrics could not enhance the price of any such fabric by a penny, so wide and strong is the competition and so numerous are the ways in which invention is searching for useful and attractive novelty. The complexity increases rather than diminishes the two effects of competition; both profits and gratuity grow. The large result of competition is a largess to consumers of superfluity.

The cause of the great coal strike of 1894 deserves our attention as due to a very peculiar set of conditions introduced into a competition. Coal of like or nearly like value is mined in several states for a common market, Chicago and the other lake ports. There is a difference in the labor required to place a ton of coal on the cars; there is also a difference in the cost of transportation to market; some of it is transported fifty miles; some of it five hundred miles. At Chicago the prices of the different kinds differ, but differ less than the differences of cost. A very difficult problem comes up for solution. It is solved by methods which are essentially those of a trust; the mines being in the hands of one set of trust agencies, and the miners in the hands of another. Each trust, both of the employers and the miners, has in charge conflicting

interests, and the satisfaction of those interests is practically out of the question. Further, enterprise has outrun the demand, in the sense that there are more mines and miners than can be profitably worked to their full capacity. It will be seen that it is not a case of normal competition, but a case in which trust methods have been introduced to prevent "the wastes of competition." It illustrates very fairly the difficulties arising from interference with natural laws of production. The wastes of free competition might be great in the coal business—we do not know that they would—but the wastes of the existing system were very much in evidence during the first half of 1894. If we may credit the newspapers, at least one hundred lives were lost, and the waste of wages and property was unprecedentedly large.

The safer way is the way of competitive liberty. In the production of bituminous coal we are struggling year in and year out to beat both nature and human nature; and yet we have the courage to call the result a waste of competition. The competing trusts assemble by delegates once or twice a year and make agreements covering hundreds of mines; the agreements are differently interpreted or boldly broken, or the numerous parties cannot agree when they meet. The result is a civil war, dearth of coal, uncertainty in many branches of business, general distress among the miners. This trust method cruelly deceives those who trust in its wisdom.

This *quasi* combination—not a true one because

it does not absolutely control—causes over-production. There is a limit in present conditions to the reductions in cost. The amount of everything which can be sold is limited by the price. In some things there is no other practical limit. Any man might buy a new hat every week if fifty cost only what one now costs. He might not choose to spend all his hat money for hats, but the increase of consumption in this way is practically unlimited, But in dealing with a natural product such as coal, iron, copper, or lead, the reductions of cost are slowly made and have a near limit, because the cost *is almost all labor*, and wages will not fall, nor in handling crude commodities can invention increase indefinitely the output from a day's work. On the other hand the amount of coal which can be consumed to advantage is restrained on each side by a hard and fast limitation.

Competition has, therefore, a narrow field, though the field bears a fairly good crop. The cost of placing coal at the point for consumption has been considerably reduced in a decade by inventive skill. Noting that we have no use in this or the next decade for all the coal we have discovered, it is quite possible that exuberant hope has opened too many mines. The economic barrier to mining too much coal has been removed by the *quasi* trust system. Left alone, to the tender mercies of economic competition, many of these mines would be closed *until other mines having an advantage* of some kind should lose that advantage or become exhausted. The attempt to work all the

mines now open, with all their differences, has led to the most dangerous attack on wages ever made in this country. For, if general reports are trustworthy, some mines can compete only through reducing wages. The coal producers must steal their profits from the workmen they employ. The effort is dangerous, (1) because it is invested with a certain respectability and therefore succeeds a little; (2) because all mining wages are tossed into a pool to be struggled for, and all sense of proportion is lost by the miners themselves; (3) because the mines yield not economic but trust profits, if they yield any. And yet competition is accused of the evils flowing out of those methods. What seems to be needed is a free competitive struggle to find answers to the neglected and obscured questions,—(1) What mines, in existing conditions can be worked on the basis of fair wages to good miners; (2) What miners know enough and have experience enough to earn a living in the mines? There is much evidence that some mines are excluded by their conditions, but get in by fighting down wages; and that many miners are unfit to earn fair wages in this kind of work.

Such a horror of trusts, such a fear of railways have possessed the public mind for years that our railways have been free only rarely from a motive to balance legal handicapping by combinations, rate agreements, and pools. The results, however, much they grieve us, are not results of competition. These matters are treated in another chapter. It is in place to suggest here that the question

of the franchise need not enter into the account. The right to run tracks in any place, in or out of a city, is a *quasi* monopoly by natural necessity. It should be paid for; but paying for the franchise need not be followed by any restraints or privileges; and it has not been proved that even in this exceptional field the freest competition might not yield the largest returns to the public. It is natural that two runners should be willing to jog on lazily to the goal, trotting side by side if each will in the end get the same prize. People who do not pretend to understand the actual problems of transportation by rail, may yet have good right to believe that free competition from the outset, and all over the land, would have given us a more advanced science of transportation and the gratuities of such a science.

VI.

The competitive system is only partially applied in Utopia. Manufacturers check its operations by agreements or *quasi* trusts whenever the struggle is carried on upon nearly equal conditions. In every trade goods of exactly the same value are not all goods, probably far less than one-third of all. Differences of quality justify differences of price; and the competition is in a large measure an effort to persuade the purchaser that "the best is the cheapest" or that the cheapest is just as good as the more costly. This competition of cheaper and dearer tends to the production of better articles in cheap grades, and poorer articles in costly grades. The result is an infinite variety of grades, which in every

new article contains some real benefaction to Utopians. If a silk produced at half the cost of the best grades enables women to indulge their desire for summer silks, it is a real gift of competition in qualities. As much is true of any cheapened fabric—cheapened because the material used is less in amount or inferior in quality—because it satisfies a desire for adornment which is the commonest outflow of superfluity. The relations of such cheapening to equality are considered in another chapter; but it is in place to note here that every reduction in cost which enables the poor to use good imitations of costly goods, does really reduce the distance between "classes." Plush imitations of seal-skin garments are worn because the wearers *feel* that they are by so much nearer equality with those who wear seal cloaks. The like is true of all imitations; and this *feeling* is of great importance, because the evil in class distinctions is the feeling of the poorer, not the pride of the richer. We owe these reductions of cost, with their large social consequences to a competition in which the losses are small and the gains enormous.

The retail business of Utopia is yet very little subject to normal competition. The butchers, grocers, bakers, milkmen and fishmongers of each community sell their products at uniform prices for each article. They compete with each other to a small extent in freshness of goods and promptness of service and suavity of service, but there is very rarely any competition in prices. Go to any market where food is retailed and the same law of uni-

form prices reigns with a degree of competition in quality and in pleasant manners, the latter often masking inferiority of goods. There is a nearly total absence of competition from retail trade in furniture and other house decorations or utilities in clothing and fancy goods including all that goes to fill up a drygoods store. Similar articles are sold at similar prices. To some extent a belief prevails that "Smith sells cheaper than Jones." But the difference is in quality of goods. In rare instances, a community (village or small city) is invaded by a stranger who marks down standard articles. If the local dealers have maintained a high average of profit, and if the invader is a man of means, the result will be a general cutting down to lower range; but no "ruinous competition" is likely to spring up. Country people go to the larger towns to obtain cheaper goods. In most cases the goods they get are of inferior quality. Yet there is a degree of competition between the city and the village merchants, and the former do undersell the latter. The scale of profits is apt to be lower in the city than in the village. We shall look in vain however, for "wastes of competition" in any of those directions.

Since about 1850, a movement has been in progress which extends normal competition to retail business by means of "big stores" or department stores. And nowadays when rural people visit the cities to purchase for their own use, it is the department store which attracts them and rewards their journeys by real reductions in price. The depart-

ment stores compete with each other in a very animated fashion, and by a much lower grade of profits they take custom from the old fashioned retail shop. Their *tendency* is to extinguish this venerable, non-competitive local store. In the French province of Utopia, this "ruinous" competition has created more sorrow than the "crime against silver." The great establishments, such as the Bon Marché and the Louvre, have taken away the business of a multitude of small dealers. The cry of the dispossessed has reached the ears of the politicians, and the houses of parliament have rung with eloquent denunciations of the new species of monopolists of trade.

The subject has attracted far less attention in the other provinces of Utopia. In our province the temporary dressed-beef shops established by a Chicago "octopus" in towns where local dealers endeavored to exclude the competition of the "octopus," have obtained far higher honors than the vast retail store. The dressed-meat grievance obtained, a few years ago, the distinguished honor of investigation by a Congressional committee. The "octopus" was doing in one thing—to open a market closed by local trusts—what the big stores are doing in every thing; for it would not be easy to name an article of house use or personal use which is not retailed by the new establishments. They go farther and supply dentists to pull aching teeth and physicians to prescribe for illnesses.

One hears now and again the mutterings of discontent because our province has been entered by

this new species of competition. It is the old question of the hand machine versus the steam mill. The poor fellow in the local store has been hauled up for trial and execution. Competition is about to cover the land with the ruins of domestic trade. The country merchant—what man of sixty years can look back and remember what the country merchant was half a century ago and not feel that Utopia is a "vale of tears." In our boyhood we looked up, a great way up, to see the smooth face and calm eyes of this magnate of the village. He was our best dressed citizen. He was a pillar in the church, a leader of the people in public meetings. He was the one delightful vision of greatness, goodness and gentlehood in man. And has it come to this, that the successor of this prince among the people must be looked for presently (say in 1920) in some aisle of a big store where he sells gloves or hats for a vast corporation?

The progress of competition through this new device has not been rapid and is not likely to be. This country is full of young towns whose patriotic citizens seek to "develop" their village or city; and they patronize home dealers in part because they also wish to be patronized. A kind of *lex loci* requires that the town shall be "supported" in its various enterprizes. The effect is to maintain the old system in the one province of Utopia where custom has least power over the judgment.

And yet think of the enormous waste of non-competition. The Bon Marché in Paris sold goods in 1893 to the amount of thirty millions of

dollars. The average profit on this vast aggregate was only six per cent. The cost of retailing under the old system is estimated at from twenty to thirty per cent. Assuming that the new way costs six and the old way costs twenty-four, the Bon Marché made a gift to the people of Paris in the year 1893 of five million four hundred thousand dollars. Or, estimating upon our own retail trade, each hundred millions of it records a waste of eighteen millions of dollars. Or, the "soulless corporations" which will by and by extend this kind of competition to our whole country, will make us an annual donation greater than the annual interest on all our public debts.

This part of the question can be looked at dispassionately as yet. It has not gone far enough to produce any social insanity. Most persons, therefore, agree that such competition would be a great blessing, and that we should move in that direction as rapidly as possible. And yet the advantages are precisely like those of the competition in production which has made so many of us wild and frenzied with indignation. The evils, too, are the same, and the losses to be suffered as a reduction from a great gain are of the same kind. Some men must cease to be masters and become servants; that is an evil—an emotional evil. Some buildings and furnishings for retail trade must be left idle or converted to new uses. This is a waste. The like evil and the like loss attend upon every great economic gain through competition.

The retail system requires of the small dealer a

variety of gifts which rarely meet in one person. He must be a good buyer and a good seller, a good accountant, a good collector, and a good manager. He must buy in small quantities under a disadvantage in both prices and transportation. He is in danger of loss from buying too much and getting his small capital locked up in unsalable commodities. He and his clerks are imperfectly employed and much of their time is wasted. More serious still is the amount of knowledge he must possess of a thousand kinds of goods, or be dependent upon the veracity of the drummers. In short, a successful manager of such a store requires gifts and knowledge far beyond the average of mankind in Utopia; and all his deficiencies must be made up by a high percentage of trust profits if he is to obtain a livelihood and escape bankruptcy. The percentage ranges high, and yet the majority of men who attempt this kind of business use up their capital in a few years and retire in favor of new men, most of whom will run the same losing race. The consumer is taxed excessively, and the merchants are half the time taxed all they are worth, to maintain the old-fashioned retail system.

The department store system at its best saves both the tax on the consumer and the losses of the merchant. Let a hundred of these retail merchants become clerks and salesmen in one of the larger stores. The profits will fall to perhaps five per cent on all sales; the consumer will save something like one-fourth the present cost of his purchases. The one hundred men who were doing business for

themselves under conditions which ruined some of them and threatened them all with ruin, will be distributed through the new establishment and each man will find some one thing which he can do, which he will learn to do well. He has now one kind of goods to buy or to sell and he can master his business. All the men will be fully employed and have a fair chance to earn reasonable wages. They will be sure of their wages. Their capital may be invested in the shares of the company they serve, or in any other company. They will have their wages plus the interest on their capital—a definite income in place of the old uncertainties. This last item is no small gain; many rural merchants live too expensively, chiefly because they have no certainty at any time whether they are eating profits or capital, and are apt to overestimate their income. The salesman has certainty on which to base his living, and he may also have security for old age in the form of a retiring pension, and certainty for his family by life insurance. He also has a road open to promotion, and if he has the abilities required he may rise to the head of the business. All these advantages may be seen in the system of the Bon Marché, Paris, as perfected by Madame Boucicaut.

One must regret that in this country the system of the department store has not been moulded by so kind a hand as that which shaped the Bon Marché. But in Utopia good examples are not unfruitful. The dazzling success of the great business in the Rue de Bac, Paris, commands atten-

tion for the *morale* of it; and in a conspicuous place we read once more that it pays to give every man all possible motive to do his best. The Boucicauts, husband and wife, secured perfect service; Madame Boucicaut left behind her an organization all alive with diligence and loyalty. A less ideal system, that of a company in which salesmen are not proprietors, has made a brilliant success of the Louvre in Paris, and of a number of American department stores. It is better for all concerned that concentration should take possession of retail trade as far as may be practicable; and under almost any system the existing class of small merchants will be more secure, more prosperous, and more happy.

CHAPTER IV.

CONCENTRATION IN UTOPIA.

I.

ON the first page of a recent book there are printed these startling words:—

"The world, enriched by thousands of generations of toilers and thinkers, has reached a fertility which can give every human being a plenty undreamed of even in the Utopias. But between this plenty ripening on the boughs of our civilization and the people hungering for it step the 'cornerers,' the syndicates, trust combinations, with the cry of 'overproduction'—too much of everything. Holding back the riches of earth, sea and sky from their fellows who famish and freeze in the dark, they declare to them that there is too much light and warmth and food." *

This cry of agony is very Utopian in its hysterics and its logic. The "warmth" concerns a relatively small quantity of fuel called anthracite coal, found only in a corner of one of our fifty commonwealths. Unlimited supplies of bituminous coal are admirably fitted for producing warmth, and the water gates of the great cities open into immense aboriginal forests. If the production of

* "Wealth Against Commonwealth," by Henry Demarest Lloyd.

anthracite coal were stopped by a syndicate, no one but the syndicate would suffer; reducing the output would mean a small folly, while cutting off all production would mean a large folly. When it is remembered that the syndicate in question is operating hundreds if not thousands of miles of transportation lines, and has an enormous capital in mining gear and coal-cars, the theory that the syndicate exists to freeze us to death becomes too absurd for any place but a lunatic hospital.

The famishing is brought about by the dressed-meat monopolists, who are driving the country butcher to the wall by doing his work at one-half or one-third the price he must get to live. In plain terms, cheapening food is starving the people. The "dark" is produced by the Standard Oil Company, which must make whatever it makes in a close competitive battle with natural and artificial gas, with every kind of vegetable and animal oil, with electricity, and even with the sun itself — for a people denied light would rise earlier and sleep earlier.*

The author of the book in question has been misled by the screams of other hysterical Utopians; and especially by certain legislative "reports" from

* We do not pass any judgment upon the charges of immoral practices made against the Standard Oil trust. We are concerned in this place only with the question of their power. No one need use an ounce of the trust's oil. Nor can we believe that anyone would use it, if he believed the very grave charges of Mr. Lloyd. It may be noted, however, that a judicial decision in favor of the accused trustees was made in the famous Buffalo case, and that the judge who made it was, by a practically unanimous vote, elevated to the Supreme Bench of New York in 1890, having been nominated by both parties. Of course Mr. Lloyd states these facts. (See pp. 278 and 297.) In the Rice case, related at great length in "Wealth Against Commonwealth," the thoughtful reader will see the uselessness or helplessness of the Inter-State Commerce Commission. The consumer can discipline a trust; the Free State cannot.

which he quotes in a too confident belief that they furnish scientific data. Wiser Utopians know that a legislative or commission examination of an industry or a strike has very little value except as a psychological phenomenon. The investigation has a hostile or partisan purpose, or both; it would be difficult to find a case in which malevolence or a hope of partisan advantage was not the inspiration of a Congressional, legislative or executive investigation. President Cleveland's investigation by commission of the Chicago riots of 1894 was an offset to the disagreeable duty of stopping a riot by military force; over against a loss of votes because of military interference, a gain of votes was sought by shifting the blame for the riots to the shoulders of the sufferers. The report is a "document" for the study of diseased politics.

The power of a trust is a popular delusion. It *can* arrest progress momentarily; it cannot make prices at pleasure. Suppose the world's total crop of wheat to be two thousand millions of bushels and that it is all controlled by a trust. This trust wishes to sell its wheat. There are a few people who would pay twenty-five dollars a bushel for some of this wheat; but they would not consume one million bushels. There are four times as many people who would pay ten dollars; but they would not consume five millions. There are fifty times as many who would pay five dollars; but they would not consume fifty millions. Supposing the price to be fixed at five dollars, nineteen-twentieths of the wheat would remain in the hands of the

trust at the next harvest. Put the price down to two dollars, and half the crop might be sold. How to sell the other half? The only way is to reduce the price for the whole crop to a sum at which it will be taken up; that may be one dollar or only half a dollar; in no case is it likely to be much above the cost of producing it at the present time.

It is suggested that the trust will proceed to reduce the crop to an amount which can be sold at twice the cost of production. Say two dollars. The first obstacle to this plan is that the amount to be produced will become a matter of experiment, and the trust may be left with a hundred million bushels on hand at the next harvest and with twice as much at the second. Another obstacle is invention, which may make a cheaper food popular. A third is the economy, likely to be progressive, of flour in nearly all households. When one has set out to limit the use of an article, he has elected to run the risk of being beaten on his own battlefield. All this is summed up in a group of uncertainties which may break down the trust. Several trusts have died by less bloody hands than those of a whole people fighting a trust for food. Two hundred millions of bushels of wheat unsold at the second harvest may mean a loss of as many dollars. The trust has, we will assume, guessed right for the third harvest; and yet it has its previous surplus. It is hardly probable that it could ever get down to the right amount; and in five years the use of wheat might be superseded by that of other food.

Reducing the harvest is a march in a wilderness of uncertainties.

The trust is more likely to content itself with a safe margin. It might be able to levy a tax of five cents a bushel on its largest crop, and this safe profit of one hundred millions would be the farthest limit of its power over us; even this would be insecure, for invention at work upon other foods would be a sleepless foe. If the trust is to have any really safe margin over cost it must make its profits competitive by reducing the cost of production and thus enlarging demand. Most readers are likely to shiver with alarm at the suggestion, but it is probable that a trust might take a monopoly contract to supply the world with wheat, in 1898, at fifty cents a bushel; in 1900, at forty-five cents; and in 1905, at forty cents; and at these prices make a very large profit upon their capital. There remain great gains to be made by reducing the cost of producing wheat; and a combination, trust, or syndicate would be more likely to effect these reductions than is the present system. At any point of time when a trust might come into possession of all wheat lands and their implemental annex, it would have to elect between using all its lands and tools or only a part. Using a part causes a loss; to use all is the desirable if not necessary choice. To use all calls for such inventions and economies as will make a profit and yet enlarge the market by reducing price. A trust is not a good thing; it is apt to arrest progress—and to fail, or to gain much less than it might gain.

When it is said that a trust might grow fabulously rich by reducing the cost of wheat to forty cents, it is meant that it might be wise and fully harvest its opportunity. No trust has ever done this.

II.

Combinations get their best grip on millions through the Patent Office. The telephone patent is an example. The invention has a high value as a labor-saver. Immense gains are made before the patent expires. When it expires, the monopoly is in possession of the field and has a great advantage over all rivals. But it cannot keep the old rate of gain and its large profits of invention. It must give the public a part of the bounty—perhaps all of it—or be beaten out of the field. The competitive contest is just beginning in this field. It may be watched with instructive gains. Several large rivals are entering the field. The trust in power may attempt to buy out rivals. That will fail, probably, because too many millions must be paid. If this trust were perfectly wise it would reduce its rates to a point where the rival companies would not have a great prize to win. If new consolidations are made when new companies are under way, the rates will still have to be reduced to exclude competition. Back of all is the inventor who has not finished his studies of electricity, and he is an irrepressible competitor. He may sell out his patent to the trust; but other inventors are behind him. A wise trust—seeking its ends rationally—would not indulge any dream

of controlling the business by perpetual buying up of rivals, but accept at once so low a rate as to take away from all its enemies the dazzling spectacle of millions to be competed for. In no case can it keep away from the public a part of the gains of telephone invention; and it is exposed to the risk that in some distinctly different way the same service or an equivalent one may be offered to the public. But, whatever be the outcome, the reader will not forget that the source of the monopoly is in the Patent Office which has rendered us priceless services. If this unique device escape the fate of all other inventions — disuse through the competition of better devices or reduction to the common level of competition—the consumer will be found to be the cause of an exception to common experience—through his reluctance to assist new devices by his patronage.

Electric lighting has met with very different fortune. It is not a monopoly; for it must compete with every other light, while the telephone is the only device for its kind of service. Besides, great rival companies have been in the field. In this case combination has served the public. For the first function of combination is to collect capital large enough to produce advantageously, at least cost. The companies have offered to the public their better light at practically the cost of an inferior light, because they were able to do their work in an economical way. This is the normal condition of a combination. It is under the full stress of competition; the value of the combina-

tion lies in the decrease of cost. The combination is in each case an invention. The wealth of a few magnates comes out of the thought, plan, device or skill which produced the invention or the combination, not out of the regular operations of the trust. If by combining their properties now yielding an interest upon ten millions, they can be made to return the same interest upon twenty millions, the invention is worth ten millions. The public cannot lose a penny by the process. The ten millions are a bounty of invention. The public will inevitably gain by the combination's operations. It must compete with some others; it must therefore enlarge its market by cheapening its product. It often does this and still keeps its ten millions of inventor's capital. In ninety-nine cases in a hundred the gain is so great that the increased (mind) capital is no obstacle to decrease of cost to an extent which greatly enlarges the market.

The expansion of a nominal capital in no way harms the public; the public is not even obliged to use a telephone, not to mention that arc lights are in hot competition with other lights. The inventor's capital is as really capital as a steam engine; for, it is a productive force whose value can be measured in terms of money. The complaint that "we are charged interest upon water" is not well founded; for a competitor cannot even charge and collect interest upon his material capital. He must earn his money by a service which customers elect to have and to pay for on mutually satisfactory terms. If either trust or customer were

old method — ten separate mills — forbade a high efficiency in management. A distinct and important gain will result from *combining the managers.*

Another gain will result from combining *the capital,* including the machinery. The gain here may be very large. It includes advantageous buying; selling and transporting, larger machines or more constant employment of them; and a great many other economies varying in kind with the industries to which they are applied. A further gain may result from combining *the workmen.* This is all familiar ground and we need not stop to survey it.

Now it is apt to happen that "a syndicate"— to employ a term grown indefinite in popular use —may buy up all the mills in order to gain the advantages of concentration. Some of the men may refuse to sell and perish in the struggle to compete with the new mill. For such, there are tears in Utopia. The syndicate may employ the old bosses, assigning to each a fit task and giving him a chance to perfect himself in it. For these men "degraded to service," there are tears in Utopia. Yet for each the change may be an almost priceless gain. Neither may have the ability to handle with safety to his income a whole business, even of a small mill. He gets now the certainty of a salary and may become rich as a stockholder in the combination. There is no degradation in the honest work which each man is required to do.

Thus far no one is injured. What of the public? We have seen that combination is in each

case an invention; and the gains in reduced cost come in due time to be a common property, enjoyed in the form of cheaper goods. For a time the syndicate will reap the harvest of its invention; in good time other combinations will extend the system to cover an industry, and close competition will deprive the least efficient mills of profits and thus transfer a gain to all Utopians.

Thirty years ago a number of independent lines of telegraph existed, each having from fifty to five hundred miles of wires. A consolidation was effected and a great outcry followed. The Western Union became "a dangerous monopoly." The result was a great public gain, reducing cost, securing greater accuracy and promptness, and adding a complete responsibility for the service undertaken. The combination gained in many ways. It dispensed with a number of presidents, secretaries and managers. It was able to buy and apply every new invention. It could maintain a well equipped service at a reasonable cost in wages, economizing all labor in a trade quickly learned; and no claim to high wages can be defended. The Western Union does not enjoy a monopoly of telegraph lines; if it did, no good reason can be given for regretting that past which the combination terminated.

Let us stop a moment to reflect that government ownership could not give a more efficient service, government service in Europe being far less efficient; that it would do away with responsibility for failure to transmit messages correctly and

as land surface, minerals, steam and electricity. There are many more bounties which are not simply natural wealth, but practically mind wealth. In a sense every bounty is also a mind bounty, since every use of natural wealth had its origin in a discovery of some sort. Mr. Grant Allen has recently explained in an ingenious way the origin of cultivation. Men found out, in some way, that seeds growing in a soil from which other growths were excluded would produce better fruits than seeds growing wild in plain or wood. Mr. Allen suggests that observation of growths on recently made graves led up to the destruction of weeds around growing plants. Whether this be the right explanation or not, the gains of agriculture were all contained in the first discovery of the advantages of weeding out the less desirable growths, or rather, in giving to each plant a certain monopoly of a bit of soil. This invention made mankind rich in vegetable food. This wealth was a bounty gathered by the mind of man. He who discovered it became richer than his fellows. The people among whom this elementary culture was extended were richer than other peoples. The first man to exterminate weeds was what we call in Utopia a monopolist. He had made a discovery and grew fat upon it while his neighbors starved on wild berries.

The first man who used a rude tool made out of a stick had an advantage over his neighbors who still used their naked hands to loosen the soil and remove weeds. He had a monopoly and for a time

was relatively rich. All implements for cultivating the soil grew from such a beginning; and at every step of the progress, the men with better tools have had what Utopians call a monopoly. The man who in some favorable situation, cleared away a piece of land and cultivated it from year to year, adding manures and constructing some rude system of drains, was the bad person who created land monopoly and furnished Mr. Henry George with a career in Utopia. He was the "land pirate" of antiquity, and his selfishness made one of the earliest marches towards Utopia.

In all these cases it must be remembered that the creators of "monopoly" gave something for their profits. They did not work with their heads only. The rude tool cost many days of labor before it became a wooden plow. The inventor pinched his belly while he sweat over the stick he was shaping with a stone implement or a very clumsy bit of metal. He paid in labor to become a monopolist. The first farmers suffered much more in privation and painful toil to create their little fields. The implements of husbandry required both inventive wit and the weariness of labor. Note also that the relative riches ceased to flow to these early monopolists as soon as the use of their inventions became common, and that the gratuity they gave to their fellows in wealth-producing devices could not be enjoyed by the beneficiaries without the outlay of labor necessary to clear the land and make the tools. A few men created the early arts of industry, just as a few men

able to do better they would not do business with each other.

It is needless to justify the combination when it drives the small producer to the wall. It is usually the customer who does the driving. If the customers chose to pay the cost of the product in the small factory, they might do so and thus keep the small producer in the field. Being rational, the consumer accepts the cheaper production of the combination. If the consumer were irrational, the old high price would be maintained to enable a few persons to do business at the expense of the public. The reduction of prices for the sole purpose of driving out the small producer is immoral; but a public which knowingly coöperates as a consumer in the wrong-doing has lost the right to reproach the trust. Such a proceeding is very rare, however, and the rule is that the large company reduces prices permanently. If the price is not reduced, there may be some gain in superior quality which has the same value to the consumer as reduced prices. A trust may over-estimate its invention, and attempt to rectify the error by higher prices. It will be nearly always a foolish attempt; for the competitor is alive and in good health. It does not follow because a combination is an invention of value that the value never may be reckoned too high; but it is plain that competition remains a check upon extortion; *and that the consumer is the immovable obstacle to extortion.* He can break the back of the combination by reducing his purchases to a minimum. Competition and con-

sumption are, therefore, always in power over combination.

In the case of a combination of railroads, the consumers at local points *seem* to be helpless. This is not altogether true. A community of farmers who have produced wheat —and given the railroads large business—might produce cattle and hogs and drive them to a competing railway point. Even so few as a thousand men, set to studying how they may reduce their patronage of a railway company, *may make a dozen non-competing points of no value to the company*. The greater number of people paying what they call exorbitant rates have not stopped to think what they might do for themselves, but have rushed to the legislature or to Congress for relief. The author does not believe that any legislation in restraint of liberty in production can avoid being legislation in restraint of competition.

No trust can shake off competitors; none, that is to say, except the great collectivist, monopolistic government trust. The trust in anthracite coal is in competition with everything that will burn, all the way from bituminous coal to peat and straw. Any rise in price stimulates invention to work upon other kinds of fuel. The Standard Oil Company competes with every other kind of light, from gas to tallow dips, and invention faces it with a sturdy purpose to keep down its gains. A trust may capture a monopoly of any branch of production only to find itself wrestling with competition in a larger arena; for everything in use may be supplanted by some inventive Jacob with his plate of soup or

his whittled rods. A trust gets control of black walnut timber, and presto, fashion substitutes red oak. Red oak is monopolized and people discover that they prefer birch. All hard woods are grasped by monopoly, and back comes plain pine lacquered to suit a new taste. A building stone is the fashion, and a trust buys up all the quarries. The next year another kind of stone is prescribed by architectural taste. A manufacturer of soap has made his product famous; he capitalizes the good name of it at millions and retires. In two years half a dozen new brands are in the field and popular taste in soaps scatters out over the field of novelty, and the fictitious millions of the great company begin to vanish.

The telephone is a labor-saving monopoly—it has been a monopoly by grace of our patent law. Another combination resembles it in the practical monopoly element, but does not resemble it in utility. A sleeping-car is a luxury; no plea of necessity can be made for it, and except in a small number of cases the element of utility does not exist. The use of it by careless people has delayed the perfection of the regular car service; and, by a majority of those who use it at the monopoly price, such use is a departure from the industrial virtue of proportion in expenditure; it is an indulgence at the expense of better superfluity. The sleeping-car passenger has already, before entering the sleeper, paid for a comfortable seat and he would have conveniences for reclining if the fashion of using sleepers had not reduced the demand for such conveniences.

The sleeping-car is, to most of those who use it, entirely unnecessary. Average persons will rest as well in regular coaches, some at certain seasons would spend a night more comfortably. The charges for sleeping-car berths are extortionate; the vast wealth of the combination would prove it if there were no other proof. The costs ought not to exceed the cost of the service, all items of it, the railway being under a reasonable obligation to furnish the coach. The prices are three to four times the cost of the service. In a case of this kind, after a company has been dragged through the mire of general abuse, we may expect a legislative trick of some sort; and in this case it came in the form of a bill offered in Congress fixing maximum sleeping-car rates. The deftness of the stroke appears in the maximum proposed—it is approximately the rate now charged.

If the rates are exorbitant what is the remedy? A very simple one, entailing no real hardship. It is simply to refrain from using sleepers until the rates are reduced at least one-half. There can be no doubt of the effectiveness of such a course of policy with any monopoly price. The patrons of any such institution can choke the life out of it when they will. In this case the luxury is so purely a careless and more or less fashionable habit that no serious inconvenience must be incurred to secure cheaper service. And yet, at half the present rates, fully three-fourths of those who now patronize sleeping-cars ought not to patronize them; and they would not if they gave the subject a little careful

thinking. If any "protection" of the public is necessary or desired the worst way to get it is through a legislature or congress. That way puts a check on competition at least; it is liable to do something worse—a *quid pro quo* for restraints upon combinations may be an investment of them by the state with unexpected and unintended privileges. A better way to protection may lie through societies organized in a simple manner, their purpose being to advise the public when monopoly prices are exacted by any combination. Not even so simple an expedient is really necessary. Intelligent Utopians know that they can check monopolies by restricting patronage and encouraging competition. In exceptional cases no relief can be had immediately, or soon: but to keep the door wide open to competition is to secure ultimate liberation from the hardships of excessive exactions in these exceptional cases.

The swallowing up of the small industries by the large ones has not gone so far as might be desired. The movement is an incomplete one. There are even small railroad companies. It is conjectured that not more than half of production—leaving out agriculture—has come under the dominion of combination. There are thousands of small industries employing more labor than large industries, and creating perhaps a half of the aggregate value of manufactured articles. Printing, for example, is done in small offices in every village, and there are many small offices in the large cities. Much of this industry is only waiting to be gathered up into the

concentrated form, and may not have long to wait. A part of it represents obstacles to concentration which have not been overcome, and may never be; for example, a large part of the work of the building trades. If concentration is an evil, we may take some consolation from the fact that our ruin is only half complete. If it is a good the beneficence of it may be obscured by the incompleteness of the movement.

Concentration is one of our great inventions. Its purpose is labor saving. Its process is a special form of the division of labor. If ten men have each a mill, each owner must devote himself to all the various tasks of management. He must obtain capital and in all ways finance his business. He must buy material and sell products; he must employ and manage labor. He must understand his machinery and know how to employ it effectively. All this requires that each man shall be an abler man than he is apt to be. If we omit all gains from larger machines, a concentration which set each one of these men a single task in a large mill owned and managed by them in common, would yield a larger profit. Experience shows that one of them will be expert in machinery, another in finance, a third in bookkeeping and accounts, a fourth in handling men, a fifth in buying materials, a sixth in selling the goods, a seventh in selecting the kind of work to be done or following the course of the market. If they are not expert in these special tasks or others, each will learn how to do his one thing well in the consolidated business. The

promptly; and that it would swallow up all gains by unreasonably high wages. The government generally pays either too much or too little; and the too much applies to almost all low-grade service. This is the explanation of the spoils system —every office scrambled for is a money prize; the winner gets more than he can earn in private life.

Some three decades back, combinations of short railroads began, and they have gone on until the most of our lines have been grouped into systems. The advantages have been far greater than is realized, though for some years cries of "monopoly" rent the skies. A large number of ornamental chiefs were discharged from service; the longer lines rendered a better service; they saved at every turn by economising labor and management. Regret over these combinations is less poignant than it once was; and few people if any now desire to go back to the old system. It is a typical combination. Artemus Ward describes a regiment enlisted by his fertile fancy for the late war, which "had not a man in it below the rank of major-general." This is a half-confessed ideal in many minds of the industrial system as it should be. It is not recorded that the humorist's regiment did any fighting; nor is it necessary to prove that all of us cannot be major-generals in industrial Utopia, and still secure abundance.

It is a common error to assume that the large combination is free from competition. Even in telegraphy the postoffice is a competitor for a large

part of the service. If the telegram is too costly the patron will adjust his business to a few hours of delay, and a night mail may render him equally good service. A great deal of telegraphing takes the place of correspondence by mail when telegraphing is cheap. The large company with servants not fully employed is under a constant incentive to increase its business by reduction of rates. If this growth is arrested for a long period by stationary rates, the company is in danger from a wiser and more enterprising rival. Still more certain is the competition of the unknown, that something to be discovered in apparatus or management which will supplant the present machine and method.

Railroad competition did not begin generally until the age of consolidations. The immense reductions in the cost of transportation are due to the fierce competition of the great companies, the monopolistic demigods of the Utopian imagination. Every railroad is in danger of competition by a new line. Canals, rivers, lakes and oceans compete with the iron roads; and if rates were high water ways competition would be indefinitely extended.

IV.

The great factor in economic profits is invention. The more valuable inventions are protected for a term of years, but many more are "improvements" which have freely passed from mill to mill. It is the nature of invention to capture a bounty of nature. There are a few great natural bounties such

create the new arts of Utopia; in a shorter or longer time the early arts became common property; but the hardships of producing the tools still burdened the men who did not invent them. The gains and the relative riches of the inventors of wooden hoes — in other words their field monopoly — had the same source as all other economic profits in industry. The gains came from a mind bounty, a conquest of natural wealth by discovery. This is natural or economic profit — it ensues from introducing a more effective method or first finding a way of appropriating natural wealth.

The use of the word *monopoly* to which Utopian ears have become accustomed is to attach odium to the man who has found a shorter road to natural bounty. It is therefore a wise thing to remember that this man cannot keep his advantage long; patents and secrecy may help him to retain it a few years; but he will by and by become a benefactor of all Utopians. Nor can this kind of monopolist fix his own price during his exclusive enjoyment of it; no one is compelled to use a telephone.

All profits — economic profits the reader will please pardon the repetition — are essentially fruits of invention; and the effect of invention is to bestow wealth upon a multitude of Utopians who have done nothing to earn it. Like the grace of God, it is a free gift to all men.

These suggestions open the way to an easy explanation of large fortunes. They are the fruits of the temporary monopoly of inventions of great utility. A few men have vigorously shaken the

tree of natural wealth, and it has sent down a shower of affluence. For a few summers this crop is gathered by the few; after that, the whole people will gather the fruit. The few have had to associate with themselves, a large number of small capitalists who have been enriched proportionately, but a few naturally and properly have taken the larger share.

The number of these inventions is very great. They cover all our physical life. An inquisitive person counted up to one thousand in a general hardware store, confining himself to unexpired patents. They were tack hammers, screw-drivers, stove-lid lifters, ice picks, blacking machines, lawn-mowers, improved hoes, steel clothes lines, patent screws, window fixtures, and hundreds of other such trifles. And each one was a golden apple shaken from the tree of natural wealth. Countless small fortunes have been made by devising and manufacturing such trifles. A tool which profits or at least pleases a million purchasers may enrich the producer of it if it be sold for half a dollar and cost the producer only fifteen cents. Utopia is full of such bits of inventive genius, each bit worth more than the average gold mine. The large industries are full of inventive activity. Lumbermen could not become rich by monopolizing trees, if a multitude of small inventors had not perfected the saw-mill and the methods of lading and unlading the sawed stuff. The mines are the theaters on whose underground and above-ground stages, invention plays great parts, and has still larger parts

to play in the future. Every year a large number of monopolists of some new method make profits by excelling their fellows. In the mills, the history of invention in detail is so long, so full, so complex, that it will never be fully written.

A well equipped kitchen contains a number of inventions which attract little attention, though each one means a fortune. A stove-lid lifter having a handle which never gets hot; a set of asbestos plates for cooking without burning; flexible wooden mats for hot dishes when served, and many more deserve attention. A new bit of a tool is offered at every door in a town nearly every week in the year. The American kitchen is richer in opportunity than the lead mines of whole states.

It is said that patents expire but the rich continue to grow richer. Patents expire, but invention does not. The best machine is almost always a monopoly; this is true even of the best screw driver or ice-pick. If we should ever reach a dead level of uniformity in machines and methods, if no new variety of tool or pleasure-giving Yankee notions were produced, if no man excelled any other man in effectiveness, profits would cease and the increase of abundance would come to an end. The American Utopian holds out prizes for the inventor, because he always wants the best and newest implement or fabric, whether it be a tack-lifter or a whaleback. This yawning market for the better entices and inspires invention; and since it is only the better which can command profits, all our industrial life is athirst for the better. No other pro-

vince of Utopia has so completely broken with the conservatism which keeps old tools and methods out of indolence or affection or mere habit. It is a belief of many thoughtful persons that the great harvests of invention have been gathered. Thoughtful people have always held that opinion because they have never yet realized that Utopia is a real country, much less that we have entered into possession of Utopia. The slowing down of the march of invention happens now and again; but the slower pace is never for long. A Commencement orator said, in 1861, that we had "reached the outward bound of invention." This orator was a very thoughtful person; all commencement orators are thoughtful persons. Think, then, of all that we have invented since 1861, and hesitate to repeat the mistake.

Is there any outward boundary of invention? Any *ne plus ultra*? Do not the limitations of humanity of their own force remove limits from invention? Since nothing human can ever be perfect, something better must always be possible. Our necessary imperfection opens an endless march of improvement. If, however, invention in all its senses—in one word, the better—must come to an end, then profits must also cease to exist, and the great collectivist trust scheme may properly come up for consideration. The questions of gain will have ceased to trouble us. Nothing will remain for us to do but to divide a definitely certain crop. We now have a larger and vastly more important task: to increase indefinitely the annual crop. It is far

from improbable that great inventions may await us. Compressed air and electricity may yield larger harvests to the next generation; nor is it certain that the "viewless powers" have no other treasures. The sunshine may not always go to waste, and the streams may flow less unchecked to the sea. Aerial navigation may yield a harvest yet. The distribution of goods in large cities offers an attractive field for inventive enterprise, and one-fourth the cost of everything the individual consumes—now spent in costly and antiquated retail methods—may be reduced to one-twentieth by concentration and combination. Here are some large mines of abundance rich in precious ores.

V.

What is more definitely certain is the increase of wealth by relatively small inventions. Every tool is subject to improvement. Every acre of land is open to new forms of intensive culture, and chemistry has a field open to progress in scientific manuring. Every plant or fruit can be improved. Neither the best cow nor the best horse has yet been found. The art of irrigation is an infant industry, though many centuries old. Innumerable new tools are possible. The millions of failures in the Patent Office are for the most part promises of successful devices yet to be introduced into Utopia. Since everything is imperfect, everything may be made better. The promise is largest in the vast world of detail: and since a little invention means a little fortune, the outlook of progress in wealth is towards

a more democratic distribution of Utopian profits. Every gain will continue to be reduced by a loss occasioned by the displacement of an older tool; but there will be a gain over and above the loss, first to the inventor in profits and then to society as a gratuity.

There is here no praise of the inventor. Now and again the literary socialist reminds us that the mill-boss and the banker are not ideal human beings. Both belong in the ranks of invention, because each is "fortunate"—in any large sense—by some feat of ingenuity; the banker's skill in "floating" an issue of bonds must be personal and original. If he trust to established methods, a new man in an obscure street may capture his customers. There is, however, a general respect in Utopia for the inventor in the abstract, and even when the monopolist has grown rich in our sight, there is a sneaking respect in every Utopian bosom for his masculine energy and resourceful genius. We have not yet outgrown the professional, conventional, aristocratic and literary contemptuousness and superciliousness in regard to wealth-makers. We have not yet acquired Utopian manners. We have, however, made progress towards civility in regard to workmen, and it is well that we have begun there. The intellectual classes have hesitated to recognize the new kind of man, the new group of brain workers. This delay of recognition is partly due to moral considerations discussed in another chapter*; yet it is mainly due to pure ignor-

*See Chapter IX.

ance of the brain value of the leaders and guides of the industrial army. More recently some sense of the reality in the case has been experienced, because chemists and other scientific men have become visible in the field of production. The truth we shall have to swallow, however reluctantly, is that those chiefs and scouts of the army belong at the head of the intellectual army. And since Utopians worship success and brains, the social revolution in Utopia may be less painful than has been expected. When we comprehend that "selfishness," in the economic sense, is a benefactor of mankind by pure force of economic law; and when we have distinguished between economic selfishness and unrighteous selfishness, we may award his due to the mill boss, and by removing a kind of stigma from his brow, we may make his calling more attractive and thus strengthen the forces of inventive progress. If we are to live in Utopia, we must put our best into the industrial service. A large growth of abundance, through improvements in production, may come out of such a social investiture of the industrial leader.

Cheerfully conceding that natural abundance is not our chief need character must always hold the first place yet must we insist that natural abundance is the indispensable condition of all better things, character only excepted. Education, for example, of all the people requires abundance. Our public school system is becoming expensive quite as rapidly as we are growing rich. Or take another view of the instruction of the people and

consider what we owe to the new inventions in printing houses and to the invention of paper from wood pulp. The free school and the practically free newspaper, are Utopian monuments of industrial genius. It will be found that invention has served our higher nature in a rapidly increasing measure. Cheap reproduction of works of art has put every great picture within reach of the people. The decoration of the home has witnessed the same kind of progress. If many imitations of the costly are below the level of good taste, yet are we confident that when the taste of the people craves good art, the imitator will supply the demand. We have witnessed a marvelous gain in American architecture because good work has come down to the reach of people of modest fortunes. Through all these fields where the human soul is awakening to the delights of life, the joys of thought and the pleasures of taste, the army of industry, captained by invention, is marching to fruitful and beneficent conquests.

VI.

A trust is a device to secure gains in the absence of economic profits. It arrests competition in, for example, steel rails; and by means of an agreed price, or sales for a common fund, or suppression of one or more mills, it takes forcibly what is popularly called a profit though it is strictly an arbitrary addition to the cost of production. A trust may be established in an industry when economic profits are realized by some mills and not by others,

the weaker enticing the stronger into the combination by the promise of larger gains than superior advantages are expected to yield. In a few cases, the trust practically covers some entire product, as refined oil or anthracite coal. Economic profits arise from superior ability; trust gains from arbitrary price. The hatred of trusts prevailing among Utopians has just cause, but Utopians are apt to give a baseless reason for their indignation. The trust is an evil because it arrests competition, but the greater number of complaining Utopians give a very different reason: they assume that the evil of trusts is arbitrary price. It is, in fact, the arrest of progress, the check given to invention, the suspension of improvements in production. If no improvement is possible or even probable, if the industry has reached the limit of reductions in cost under existing conditions of science, then the trust is not an evil. Arbitrary price is a delusion, often to men in trusts, almost always to consumers.

The collectivist theory of society assumes that invention has run its course, that industries are in a state of practical perfection. It creates a universal trust and establishes an arbitrary price. If the assumption were sound, the method would be sound in principle. If collectivists believe as they profess to do, that a long stretch of progress is still before us, then they must also assume that the spirit in their new world will be so superior to the Utopian spirit that *honor and esteem* will take the place of self interest as a progressive force of improvement. It is not believed that they have paid

much attention to this side of the question. They assume that there is an enormous supply of wealth, and that if economic profits were abolished there would be an ample supply. They believe that profits are robbed from wages, which is wholly false, and therefore do not connect profits with industrial progress. Now, "honor and esteem" are terms of a civilization in which superiority is recognized, and even a collectivist-socialist flouts the notion of superiority. The moment you introduce honor and esteem, you appeal to selfishness; they will do the work of self-interest only on the condition that their "pull" on selfishness is as strong as self-interest has proved itself to be in Utopia.

The reader need not flinch from facing the selfishness of honor and esteem. The truth is that the economic self-interest values very highly honor and esteem. For these, men seek riches as a means of obtaining them; and they are not always deceived in the matter of the relations of riches to honor and esteem. Riches do enable men to obtain the admiration and even the affection of their fellows by the exercise of benevolence; and the pursuit of such prizes holds in check the immoral spirit which tempts the money-getter. This immoral spirit is not economic, and money-making no more nurses it than a pistol nurses the spirit of murder. Temptation besets all active life—the more active the more temptation for low and vulgar natures. The industrial nature is not low and vulgar. American industrial life contains at least

its full share of men of high character and cultivated spirit. The manliness of the American manufacturer is proved by the fact that in any town where he lives he is a leading and honored citizen as a rule. One should not play fast and loose with honor and esteem. It is already playing a great rôle in industrial production; it cannot be spoken of as a new force to be called into being by collectivism. Nor is it probable that the saloon orator has a finer sense of moral fitness than a manufacturer. Honor and esteem are earned. The candid neighbors of a mill-boss recognize his worth, and though they may not understand the law of profits, they feel that his business is a social benefaction. Collectivism could hardly hope to deal out honor and esteem more justly than the existing system.

The truth of things is that if collectivism is to be justified, it must be on the trust theory of an arbitrary price fixed by costs. Collectivism might or might not work a little cheaper than the existing trusts. Candid minds will find it difficult to figure out a gain to society except that which the system would set out with—the confiscation of all the instruments of production. One *more* would be robbed in the interests of the other *more;* for, as elsewhere shown, the owners of these instruments of production are really many, probably the majority. The immense theft might prove a delusion. Assuming, however, in order to give collectivism something to start with, that society is richer by the value of these stolen implements, the whole

issue raised by existing conditions is hardly modified at all. The instruments will soon wear out and new ones must be produced. The sharp issue is, will the new ones be better than the old? Will labor be increasingly economized so as to increase superfluity? If socialism could so improve character that immoral waste would disappear, this gain, large as it is imagined to be, would not in a century balance the inventions of the current decade. Without a great uplift of character, no so-called higher motives would supply the place of self-interest as a creative force; and no such uplift could be hoped for, rather a great decline must be expected if character is to be *the average of the advocates of socialism in our day.* And the great issue in Utopia confronts us: How shall we go on increasing superfluity if we chuck out of the entire country the self-interest which has made us a free gift of all the superfluity we possess?

It is from this point of view—invention, progress—that any theory of a trust must be reviewed. If it checks production, it is a public curse, an evil in each case because it cuts off a future good, and because it is a seductive example to other companies whose officers are tired of the honorable toils of competition. In some conspicuous instances trusts have carried forward lines of improvement. The sugar trust is an example. It has introduced many economies into sugar refining. But this trust has not enjoyed a monopoly; it has been under the whip and spur of competition; it still is a competitor whose gains must have a

competition element. What this trust has done is to reduce in a great measure the strain of competition, or rather perhaps to simplify that strain. Above a narrow margin of tariff profit all the sugars of the world contend with each other for our market.

It is time to say that arbitrary price deceives the members of trusts and the general public alike—on the same theory that the public must pay any amount of tribute ordained by the trust. More than one trust has discovered the error of this reckoning, but the public remains under the delusion. The tribute cannot be collected. The attempt to collect it may ruin the trust. There are very few things which we cannot do without for a time; we reduce our purchases of things whose prices have gone up. The rise of a cent a pound in the price of sugar will reduce the sale correspondingly; the reduction of the price will increase the sale correspondingly. The American consumer is often a careless, happy-go-lucky creature who buys what he wants regardless of price; but generally he is careful, knows the cost of goods and regulates his consumption. If he forgets to regulate consumption by cost his wife does not forget it; and "sugar-barons" know that they will lose rather than gain by fixing an arbitrary price; sales will fall off fast as prices rise.

The temptation to form a trust usually comes when the possible production of a group of manufacturers is in excess of the demand at the competition prices—the price which yields no profit to

the poorest mill. To the weaker companies the temptation offers an easy deliverance; to the stronger it offers security for their present gains. Now, the economic way of escape from a capacity for over-production is to widen the market. The future of the industry depends upon the widening of the market; and almost any market can be extended by cheapening the commodity. If the trust could be effective it would narrow the market, since almost any market can be narrowed by higher prices. The trust soon finds that it must cut down prices.

There is dishonesty in competitive invention. It is believed that railways are victimized somewhat freely in this kind. A man produces a device which he claims is better than the one in use. It is not really any better; but he introduces it by a method which has cost stockholders millions of dollars. He raises the price and bribes the officials of the companies. He has a large margin because his price is purely arbitrary; he is able to pay liberally the agents who defraud the companies in his interest. This inventor is simply one of the too numerous parasites in economic society. But, let us remember that the human parasite is older than economic invention, not a creature of it, but a survival from an older order of things.

Only those intimately related to great combinations realize how intense the competition may become, how small profits may be, how riskful may be a business which controls millions. The large banking is regarded by many as a great

golden despotism less responsible than a Czar, and measuring its revenues only by its voracity. Nothing could be more unlike the reality. In France, the large banking has attained a high degree of development, that is to say, it exists under the severest strain of a sleepless competition. M. Vicompte G. D'Avenel has recently stated the actual condition in these words.

"A contemporary phenomenon is a change in the attitude of money towards other merchandise. The relations of buyers and sellers are very different from what they once were. Formerly the seller—he who got money for a commodity—was under obligations to the buyer who paid money for the commodity. This is no longer the case; money has fallen to the rank of a commodity. This fact is patent in the relations of employer and workman, one of whom buys while the other sells labor. Laws, and above all, customs, formerly conceded to the owner of money a preëminence which he has lost. Theoretically, the golden calf, the symbol of wealth, continues to have his altar; practically, he is forced to descend from it and to go in search of a pasture. And yet, he does not always eat when he is hungry. The priests attached to the worship of this idol, whose profession was once the most lucrative, and had a special eclat from its familiarity with the precious metals, are now numbered among the least favored of merchants. Their opportunities to gain are greatly reduced, and their risks of loss remain indefinite. * * * * * *

The progress of savings and free competition have

brought to pass this prodigious result, that the money of the capitalist voluntarily labors and faces danger almost for the sole profit of the public.—[*Revue des deux Mondes, Jan. 1, 1895.*]

CHAPTER V.

CAPITAL IN UTOPIA.

I.

FOR the purposes of this essay it is convenient to regard capital as the summary expression of values: it is the total of things valuable in a country, or it is that part of this total which an individual or a company possesses. The words capital and wealth for our use in the present discussion, are synonymous. On one side we put men, on the other side, things men desire or use. (1.) The technical distinction which considers only a part of wealth as capital has no importance here; indeed it imports some confusion into thinking on the lines we are trying to obtain light upon. (2.) All wealth is potential capital; and it is sought in the next chapter to vindicate a method of making this potentiality easily convertible into actuality. (3.) Even those things which the economic man has set aside, in intention, for personal expenditure are a capital which will employ labor and enter in other ways into the volume of exchange. It will employ millers, bakers, butchers, tailors, dressmakers and printers. And this man's personal expenditure may be reckoned as a factor in his productive capacity. (4.) The word *wealth* is polarized in the popular mind as an expression for the large for-

tunes of a few, and it is best to avoid wasting our strength against a popular definition; and a small capital is easily intelligible, while small wealth puzzles some persons. (5.) It is best for us that the workman should understand that he is more or less a capitalist himself, and that it may be a very easy thing for him to increase his capital. His tool chest is as truly capital as a steam engine or a big mill. If his total belongings have a market value of one hundred dollars, the sum is real capital. He is just so much "ahead in the world." To say that he cannot dispense with it is only to say that this little capital is fully employed in fitting him to take part in producing other things.

It is also convenient for us to divide capital into three classes of valuable things called Free Capital, Implement Capital and Mobilized Capital. The first, free capital, consists of the precious metals in coins or bars; the second of all tools, machines, mills, mines and buildings, and all lands to which value has been imparted by human effort; other lands have no value. As soon as a thing will "fetch" something it has value; it will not "fetch" anything until some human effort has been incorporated into it. All valuable things may be regarded as coins or implements. That is to say, we divide all things touched into value by the hand or mind of man, by simply setting aside from the rest those metals which mankind have agreed to use as money. These things, like the others, cost effort, so much effort relative to bulk that we find a common advantage in using them as measures of values in all other

things, and it is this custom which confers upon them the qualities which are summed up in the word *free*. If one owns a mill it is a capital fixed in an implement. If he owns coins, they are a capital free to pass into any implement.

The third kind of capital is a duplication of the two other kinds. A coin note is a duplicate of coin. A share of stock is a duplicate of a part of a mill, house, or railway. Mobilized, set free, put in motion, means that a property has been divided and distributed, sometimes among millions of owners. A machine imprisons in itself, so to say, the labor required to produce it; whoever owns it has put capital or wealth into it. He may liberate this wealth, as far as he is concerned, by selling the machine; but the same amount of capital is still fixed in the machine, and it must remain there and wear out in use—only, another man owns it. Probably in the "sale" a barter, open or disguised, took place—one thing was exchanged for another thing. This is the nature of almost all the "selling" done in the world. Very likely the barter was disguised by the use of money. In this case, free capital assisted in the act of barter. The money coins constitute the really free capital; but an artificial expansion of the free capital is effected by paper money, by certificates of shares and of indebtedness, and by simple notes of hand. The French use the word *mobilized* for this kind of property; we have no good distinct unambiguous term; and popular confusions grow out of the double meaning of such terms as we employ. Let us try to be

clear in our use of the word *free*. The *free* is strictly only the coin money; these are things and the rest of capital is in other things. But these things have a special use analogous to that of a machine—say that for fixing buttons upon shoes. As a machine for making exchanges, coin is set over against all other things; but if a coin is made into an ornament, it enters the class of other things and its value becomes implemental; it is no longer a machine for making exchanges.

When one makes a note of hand, he mobilizes or sets free a part of his property. A stock company, by certificates or bonds, mobilizes its mills, a railroad, a building. To such form of mobilized things, a large addition is made by public debts which are a claim upon future taxes. Evidences of personal indebtedness and of company indebtedness may have a like credit element, a claim upon future effort. A mortgage, however, always conveys away a part of the value of house or farm. These distinctions help us to approach the bitterest grievance of Utopia with some expectation of understanding it. The money-lender—that terrible creditor class—keeps his capital in the form of free capital and by loaning it makes it over into mobilized capital, notes and mortgages. That this bad man has a right to exist we may easily see. Suppose that a member of the oppressed debtor class has grown tired of being a crushed worm, and wishes to become the heel which crushes; he will sell his implement capital in house, farm, or machinery and get either free capital (coin) or mobil-

ized capital in notes, mortgages, or bank bills or checks. The mobilized capital is convertible into free capital, the free into mobilized. The crushed worm has become the crushing heel, and bad as Utopia is, every man is free to transfer himself to the creditor side, *if he has implement capital.*

Why is it that the crushed worms do not assume the offensive when they are free to do so? For two reasons: (1.) They do not regard money-lending as a profitable business; they wish to increase their capital more rapidly than they could by lending it. (2.) They have no capital or very little, which is not an illusion of hope, and, pleasant as such an illusion is, it cannot be mobilized. The farm is mortgaged for five thousand dollars: the owner thinks it worth ten thousand but no one will give him more than six or seven thousand. He thinks that God or the government should make it salable at ten thousand. Perhaps it was once worth ten thousand; the "legislation in favor of the creditor class," he is confident, is the cause of the depreciation.

The easy mobilization of capital is a good and not an evil when men possess capital; it is to them neither a good nor an evil when they have no capital. It is a sad thing that they do not have it; but the legislation of which they complain has not —probably has not— anything to do with the case. One may quibble about it, but the old doctrine that capital originates in saving, is practically sound; for the only way to get a personal capital is to convert some part of what one earns or steals or has

given to him into capital—to keep it instead of spending it upon his back, or stomach, or wearing it out in any other expenditure. To a man having a capital thus saved, the three forms are open for choice—fixed, free, or mobilized. To the Utopian dreaming of the "class privileges" of bankers, creditors and manufacturers, it is worth a moment's surcease of pain to reflect that he may become a member of the privileged class, practically at will. If he does not like the kind of property he possesses, let him mobilize it. If he has not enough, let him save more annually. If he desires the only real profits—those of invention and management—let him proceed to perform the proper industrial duties; and the profits will come. If he wishes to run a successful race he must manage to run faster than the other runners. Freedom is the characteristic of Utopian life which meets us at every investment, as well as at every exchange. The man who owns anything, can sell it and mobilize it; the man who has not anything is free to get in the same way as others.

A confusion of a most dangerous character, and a grief as deep as Hades, comes out of the notion that money is not capital at all but a mysterious something which spawns capital. People wanting "money" succeed in evading the truth that they want capital, things, property, labor. It is a powerful piece of imaginative work which endows the government with the power to make money by printing promises to pay it. The man who asks himself what he will do with money knows at once

that money is not moonshine. He want things; he will buy things with his money ; and why should he ask to get things without giving an equivalent in things? When he pays in money he gives thing for thing as truly as when he gives a horse for a cow. When one borrows money he borrows things —the things, gold and silver, are dug out of the earth, and are as truly a product of labor as potatoes. When A lends B money he puts things into his hands.

There is no hardship in the view that capital is what we have left over from our consumption. Labor, effort, self-denial are not hardships. Utopia will lose half its sorrow when we thoroughly believe that it is the best thing for us to obtain things by these struggles and self-denials. The notion that there is another and easier method is pure imagination. The author once chatted with some members of a group of perhaps one hundred men on a railway platform in the South. They all said: "This country needs capital." The author suggested, deferentially and modestly, that if the one hundred idle men on that platform would go to work and keep at it in an intelligent manner, the result would be capital, that in point of fact this is the royal road to capital which all prosperous people travel over. The suggestion "threw a coldness over the meeting."

II.

In Utopia, capital makes us miserable whether it is growing or vanishing. It is the common note of this new world of abundance; there is at one and the same time too much and too little of everything; and the same persons make a grievance both of too little and of too much. The growth of capital evokes the "we view with alarm," and the shrinkage of a capital calls out the same cry of fear. There is, of course, a difference of attitude, but the inconsistency is not thereby lessened. The growth of capital is regarded as a devil unchained and nobody can resist him. A copper cent put at compound interest work, will surely own the earth at a date which can be calculated as certainly as the transits of Venus. Therefore, our Utopian trembles when he thinks of the growth of capital. He is reminded in the same hour that farms have declined in price and figures out with sadness the losses—millions and millions—of what? Why, of capital invested in farms. No doubt exists that farm values have declined. But then, such losses are inevitable in Utopia, and they are constantly recurring all over the field of production. Abundance requires that the best machine—and a machine is typical capital—shall always supersede the poorer machine. Superseded machines converted into junk strew the whole land. In some cases the old machine remains in use for some inferior or collateral work, while the new machine plays the profitable parts in production. In any case, the new machine destroys

capital invested in inferior machines. Capital can not always grow; in fact, the rule is that when it becomes "fixed" in any machine, it begins to lose. A farm is such a machine; and the general rule is that farm capital is annually impaired; and, unless it is renewed in some way, the value of such capital, as measured by prices, will decline. Farms are also subject to competition with new and more effective machines; and the Dakota wheat farm underbids the eastern wheat farm. Farms are also subject to losses through changes in the Utopian method. We have an example of this in the blow delivered at horse-raising by the electric car and the bicycle. Cheaper wheat and meat are a blow dealt the farm by cheap ocean transportation. Losses of capital in such ways go on always in all directions; it happens to be the turn of the farmer to suffer these losses very conspicuously.

Every day that a machine runs impairs its value; and it is certain to wear out. All implement capital is subject to this law of gradual impairment. It is also subject to accidents, such as fire loss, and a great deal of implement capital in buildings and machinery goes up in smoke every year.

There are also losses due to competition—two kinds of losses. (1) From reduction in the cost of producing a machine. Every machine in the country could be built in 1895 at a considerable reduction from the cost in 1892. (2) From the rivalry of another man or company. A railroad, for example, is paralleled by a new one. The business must now be divided and rates will probably be re-

duced. The result is a loss of capital in the older railroad. Competition, to which we owe cheap abundance, is in such ways always at work eating away capital. It is one of the psychological miseries of Utopia.

Capital is more commonly thought of as an enemy when it abides in forms here called mobilized. The two kinds run into each other. A railroad is implement capital; but the device of fractioning its ownership by converting its value into stocks and bonds, and the application of the same method to the other kinds of implement capital, give rise to a despised race, called "coupon-clippers." And these degraded people are quite as obnoxious in Utopia as gold-bugs, and almost as obnoxious as bankers. Thus the odium of implement capital is, by a charming exercise of ignorance, made to differ but little from that of mobilized capital. The exact nature of the stock and bond system makes very clear the eternal hostility of abundance to happiness. The system originated in France as a means of distributing the ownership of an estate, or rather of dividing a real estate mortgage into many parts. It enabled a man having a little money to secure a good and safe investment for it. This system has prospered and yielded abundance, because it united many small fortunes in machines, which single capitalists could not undertake. It was a blessing to the thrifty man of small means, because it gave to his small money the same proportional revenue as the rich man's money received.

The system in and by itself is one of the master

strokes of Utopian genius; but its full value has not been realized, because dishonesty in financiering companies is also a Utopian institution. Still, all reductions made, the master-stroke has made many poor people moderately rich, and we have had the cheapening power of the great mass of machinery it has produced. These stockholders and bondholders have, in the pursuit of their own interests, enriched the whole people. That makes them our enemies. A curious proof of it is the income tax law recently enacted. A private citizen who has avoided stock investments may have an untaxed income of four thousand dollars; but a poor widow, who gets one hundred dollars from a corporation in which she owns stock, must pay income tax through the officers of the company. We are so mad against the producers of abundance that we cannot see the millions of these small and weak benefactors of ours and are smiting them hip and thigh under the insane persuasion that they are Vanderbilts and Goulds. Newspapers, politicians and callow political economists of the counter-jumping and saloon type find gaping and applauding audiences whenever they attack corporate property, though corporate property is one of the most distinctive features of Utopian economic life. It democratizes wealth, providing an infinite number of small channels in which it may flow; it creates the implements of plenty after gathering the small streams into large rivers; it enriches the poor and it cheapens our superfluities; it levels up, for rich and poor are bondholders, and rich and poor ap-

proach each other more and more in the character and measure of their portions of superfluity. The system gives us just what we want, realizes under our eyes the Utopian dream; but, like Jeshurun, we no sooner get fat than we set about kicking.

Let us not forget that the greater part of this mobilized capital called stocks and bonds is only a mode of distributing ownership of real or other visible property. It does not differ in nature from a mortgage on real estate. And in counting up wealth it is not wise to imitate the modern legislators who would tax both farms and mortgages upon their face value. In the case of the farm the only value there is to be found is the farm. The mortgage sets forth a potential ownership of a part of it. So in the case of a railroad, the property is iron tracks, engines, depots and cars. The stocks and bonds distribute the ownership of these tangible things among many owners; as property, they are just the tracks, engines, depots and cars. It is almost puerile to mention it; but Utopian statesmen do not seem to have found it out.

III.

The Utopian cry of anguish is that the poor are growing poorer and the rich richer. The truth is that for thirty years the main body of people have been growing richer, both the rich and the poor. Modern wealth is democratic. The divisibility of property, by means of mobilization enables every man to own a share and hides all the small owners of shares in the ledgers of the great companies.

Whenever an examination is made of one of these ledgers, the result is a surprise; the people are the owners. Certain French railways were recently reported upon, and it was shown that the average holdings of stock were about three thousand dollars by each stockholder. In French savings banks, January 1, 1894, seven millions of persons had deposits, the average being one hundred dollars each. Translated, this means that seven millions of people were loaning money to their neighbors, and if a poor woman living by collecting rags and old paper, had five dollars in a savings bank, she was a capitalist receiving interest. The like facts exist in all the provinces of Utopia. Find a country where there are no bank princes and money kings, and you will find there no such multitudes of small capitalists. The bank of France is thought of as a rich man's special money delicacy. Yet its stock was owned January 1, 1894, by 28,294 persons, the average of holdings being between six and seven shares. The other great French moneyed institution is the *Credit Foncier*. This mammoth concern is owned by 36,232 persons, and the average value of holdings is about two thousand dollars. Just such facts leap into the light whenever the big ledgers, these books of gold in an industrial age, are opened in any province of Utopia. The American banks, railroads, manufacturing companies, and all other stock organizations are owned by millions of persons. The people who lend money on mortgages—"the Shylocks of the East"—are farmers, mechanics, traders, sewing

girls, maids of all work, hack drivers, railway brakemen, widows and orphan children, ministers and school teachers. You may find your money-lender in any social disguise.

Respecting great fortunes, there is the same popular mistake to be dealt with—the belief that the few rich own everything. The English income-tax affords a means of comparison. In 1890, the people whose incomes were ten thousand dollars or more received only about one-twelfth of the total come upon which a tax was paid. The popular belief is that they got nearly all the income of the nation; but eleven-twelfths of that income was divided among persons who each received less than ten thousand dollars. The land princes of England make a difference between that and other provinces of Utopia; but there is no reason to believe that in the United States the people whose incomes are five thousand dollars or more each, get more than one-twentieth of all the annual revenue. In other words, ninety-five in every hundred dollars of annual receipts goes to persons who individually get less than five thousand dollars.

The delusion here exposed has several causes. One is, that the large fortunes are kept before the Utopian mind by the press and by gossip. The rich man is willing to be considered very rich; it procures him consideration and notoriety. His fellow-citizens are willing to consider him very rich; it is meat for their appetite for grievance. The actual facts are not known, and there is a free field for the Utopian imagination. The result is

grossly exaggerated estimates of the few large fortunes. It is easier to say one hundred millions than fifteen millions; and there is no check rein on the fancy. A prudent public would form a habit of dividing by ten; an imagination which will not when working freely, magnify ten diameters is not fit for newspaper work; but Utopians, as Mr. Barnum discovered to the value of some millions, love to be humbugged.

The absence of a sense of proportion is also to be taken into account. When a Vanderbilt announced that he would distribute one hundred and fifty thousand dollars among the employed men in his railway company, an expectation of wealth filled the hearts of the men with satisfaction. When the gift was divided, some men received two dollars and others three dollars each; and they were cast down. Now, if a single American owns seventy millions, the distribution of it would give us one dollar for every man, woman and child in the United States. That would be a nice Christmas present—and only that. The distribution would not improve the economic condition of the beneficiaries. It may be seriously doubted that any man in the United States could convert his possessions into seventy millions of gold. *All* the Astors could, but there are a dozen or two Astors.

If the grossly improbable estimate of our American wealth be accepted—sixty thousand millions—and one-twentieth of it be owned by rich men—by all whose incomes exceed five thousand dollars—what would be the result of a division? Each

man, woman and child would receive about forty-three dollars. That would be a very nice Christmas present; but its earning power would be only about two and a half dollars a year. If we dream a dream that one-tenth of this American wealth is owned by plutocrats—leaving each of us to define plutocrat—the division of it among seventy millions of persons would give every one an annual income of five dollars or so. Any enterprising crossing-sweeper can get that income in an easier way than by paying monthly dues to a socialistic lodge. Run your estimate up. Throw the reins upon the neck of your fancy and drive your spurs into his flanks to the full length; fancy that the rich own one-fifth of all wealth, and yet you cannot more than double this income; and a thrifty "hired girl" can secure that income long before socialistic agitation will give her a silk dress and an Easter bonnet. It would be less than eighteen dollars a year if "the rich" own one-third of all wealth. The economic losses of such a division would be incalculable. You have reduced to an income of say twenty dollars per annum all the large employers and all those who are especially gifted in the creation of wealth. Their temporary inconvenience—and it would in most instances be very temporary—need not be deplored here. For the most part they are people capable of hewing out new fortunes. But the temporary distress of the multitudes left without leaders and guides to superfluity would make angels weep.

Another source of the belief that the rich own

nearly all things is the pitiful ignorance of those who feed on the mendacity of demagogues. Go to another province of Utopia for an illustrative example. There has been an Anti-Semitic agitation running its course in France for a decade or more. The Jews are held up to detestation by those agitators, especially on the charge that they are gulping down the wealth of France, of Europe, of the world. An Anti-Semitic demagogue has written: "Jerusalem has imposed tributes upon all empires. The first part of the revenue of all states, the most certain product of labor there is, passes into the purses of the Jews, under the name of interest on the national debt."*

The ignorance to which this statement appeals is too dense for description. But exactly the same language—substituting bankers for Jews—is used every day in the United States. The trick of misrepresentation ought not to deceive the countryman who is bunkoed in Broadway or Wabash Avenue. The fact is that the Rothschilds act as agents between governments and lenders upon government bonds. They obtain a percentage greater or less upon the amounts they obtain *from* other persons for a government. The process is usually this: These agents take an entire issue of so many millions at an agreed price, say ninety-nine cents on the dollar, and sell the bonds at one hundred cents or more. If the country is a poor one, or has damaged credit, the agents may get more than one or two per cent for their service in

*Wolski: *Contemporain, Paris, July, 1891.*

placing the loan. But when they have sold the bonds, and made their commission, be it more or less, the Rothschilds, Barings, or New York bankers, have no claim upon the interest paid by the governments. They may retain some of the bonds, paying for them as other persons do, and receive interest, as other persons do, upon the bonds they have paid for. The interest on the national debts is not paid to Rothschilds, or to New York bankers, but to a vast number of persons who have lent money to the nations contracting debts. These persons are in all conditions of fortune and social position. In the aggregate millions of persons receive the interest which is said to pass into the purse of the Jews or into New York banks.

In November, 1894, the bankers of the country, or rather a syndicate of bankers, took fifty millions of bonds of a new loan of the United States and paid for them in gold. Then this syndicate sold the bonds to persons seeking such an investment of their money, receiving about one and a half per cent more than they paid. The interest will not be paid to the banks but to the people who have bought the bonds from the banks. "Any fool knows that." No, Utopia has fools in great numbers who do not know it, and some of them edit "reform" periodicals, or at least they allege that they edit them.

Another source of delusion is the enterprising systems of capitalization commonly called the "watering of stocks." The railroads of this country are capitalized at more than ten thousand

millions. How much is water no man knows. By looking over the New York Stock List one finds in January, 1895, that it will cost him only thirty thousand dollars to become a millionaire—by buying ten thousand shares of cheap railway shares of stock. With three or four millions any man could buy one hundred millions of such stocks. This extreme case serves to show "the true inwardness" of several facts about this kind of wealth. The first striking fact is the fluctuations in the value of such property. In 1892 it would have cost at least a hundred thousand dollars to buy a million. Much of this property had been sold in previous years at a much higher price; the million costing perhaps half a million or more.

And the fact is that the millionaire in this kind cannot go to sleep on his fortune. He must watch it day and night or it will slip away from him in depressions of the market. This is the most laborious man in Utopia. He must work to keep his gains or he will lose them. And he does lose them. A few millionaires become paupers every year in every province of Utopia. For our present purpose it is more important to observe that there is no means of computing the value of the possessions of most men who are rich. We do not know how much of the stock of their moneyed institutions they actually own, how much they owe to other persons, or what is the value of their stocks. In 1894 the railroads of the United States could not have been sold for a sum equal to the cost of building them. Suppose a man to hold ten mil-

lions of railway stock; what is it worth? If it covers any one of twenty lines such as the Pennsylvania or the Illinois Central, the computation is easy, because the values are steady. If it covers what are known as the granger or Pacific roads, its value fluctuates daily and hourly. The majority of the railway mileage is like that of the Santa Fé system or it is worse off.

IV.

It need not be debated that this system of investment is associated with much moral disorder. This Utopian problem will be considered farther on in this essay. But moral disorder and economic disorder are distinct matters even in Utopia. A knife is a good thing though one may do murder with it. The cause of the murder is malice in the heart of the murderer: not the knife. The murderer would kill with some other innocent instrument if there were no knife in the world. The men who are dishonest in Utopian abundance would be dishonest in the desert of Gobi or in the Sahara. Are Utopian ways of promoting abundance wisely adapted to their purpose? Do they, in spite of moral hindrances and frictions, serve their purpose? Both questions must be answered in the affirmative, though we would be richer if moral hindrance and friction did not exist.

What is the economic purpose of the joint stock company? It is to accomplish, by the concentration of capital, reductions in the cost of commodities, including their transportation and mar-

keting. The concentrated capital is furnished by millions of Utopians. The government of these several concentrations is a pure democracy. Each man has voting power according to his contribution to the common fund. Every man is eligible to membership on conditions which can be met by bootblacks and newspaper carriers. The wealth concentrated is divided into such small parts that a cab-driver may share with an Astor in the ownership of the debt of Turkey, or of the Pennsylvania railroad. The purpose is to build works which Crœsus could not build alone, which no plutocrat in the world could build. This vast purpose is accomplished. The world teems with the fruits of enterprise using concentrated wealth. We have the mills, the roads, the canals, the steamships. The gains are distributed to each man according to his contribution to the capital in each case. In its economic aspect this Utopian achievement ought to inspire us with enthusiasm. In its outlook upon the principles of democracy, upon the general well-being, upon a fair deal for everybody, it leaves nothing to be desired.

The fortunate Utopians are unhappy because they believe there is devilish malice in the economic arrangements under which they enjoy superfluity. They are profoundly mistaken. Wealth is not in a few hands; there is no tendency to place it there. The thrifty and gifted poor become richer than the thriftless and incapable poor, and the best brain gets the most, just as in all fair racing the best horse wins the prize, and the swiftest yacht takes

the cup. Over against this prize of the best brain stands a law which compels him who wins most to render most service. A man has made millions by an invention which has reduced the cost of steel rails from seventy dollars a ton to twenty dollars a ton. The great thing is not his fortune, but this reduction in the cost of steel rails. His fortune is a few millions; the gratuity Utopia receives is thousands of millions.* For this beneficence will appear in a thousand other ways of industrial life.

V.

It is said that no man earns a million dollars in a lifetime. Let us suppose that one chemist invented the chemical substitute for madder. The invention is estimated to be worth to the world twenty millions a year; in thirty years, six hundred millions. On this hypothesis one man has made mankind that much richer during a period equal to his period of active life. In fact about a score of chemists contributed to the making of this vast sum; but each one produced thirty millions in thirty years. The productive power of an inventor is incalculable. Take one of the inventions which have enriched the Standard Oil Company—the pipe lines for transporting petroleum long distances. How many millions did the inventor make? The use of natural gas as fuel, and of petroleum for light and fuel, are inventions of immense worth. But a simple mechanical service such as a revolving saw may be worth millions. A little more than

*The "Trust" price at the end of 1894 was twenty-two dollars.

a hundred years ago, one man solved the problem of making illuminating gas from coal; how many millions did he produce? What is the value of Professor Morse's invention of the telegraph? The great capitals of our time are capitalized invention —including in that term every device which saves labor or supplies mankind with new forms of superfluity. In apparently exhausted tracts of industry new fountains break out. For example, the soft and chastely colored patterns of calico which have come in during recent years are, in absolute artistic merit, superior to fabrics sold a few years ago at forty and fifty cents a yard; and these calicos cost five cents a yard to-day. Cheap as calicos are, the invention of these varieties is worth millions.

It is replied that the capitalist is not an inventor. This is not true. Thousands of American capitalists invented the machines which have made their fortunes. In any case in which what belonged to A has, by contract, passed into the hands of B, the moral questions do not belong to economics. There is, however, a very important fact to be remembered. He who markets an invention—sets it on capitalized legs—is also an inventor. Let us keep in mind that any man may be a capitalist, that all the power, so much bemoaned, is so fractioned by mobilization that a boy may be a money lender through a savings bank, and that most great capitals are made up by combining many small capitals. Invention pours out capital in a deluge; the habits of saving in a people gather it in gentle, frequent and numerous summer showers.

Capital is not immortal. All that Rome had gathered perished a thousand years ago. The wealth of Spain has vanished mostly. It is probable that, young as we are, this country has lost a quarter of the capital it has produced. The individual capitalist disappears. The Fuggers had, relatively to the power of it, more wealth than any modern family. They have ceased to trouble the imagination. In two or three generations the capitalists' heirs have grown numerous and some of them have dispersed their shares. This is distinct from that process by which capital in a machine wears out or is displaced by a better machine. Displacements or transfers of capital furnish a false reasoning with premises. If a hundred millions are lost in speculations, the capital has merely changed hands. If the son of a millionaire wastes his father's fortune, the capital simply passes to others, even though it go in driblets or over a gaming table. Still, capital wears out; so far as it represents implemental capital it must decay with the implements. In creditor claims it has the semblance of immortality. Whoever believes it indestructible in that form, is free to put it there. But he will find that some debtors are dishonest, that others become bankrupt; and in the end he will learn by experience that the cent which starts out to own the world, will tire out before it has well begun its journey.

The capital of combinations is insecure. It is threatened, in the ordinary course of competition, by the next invention furnishing a better tool or a substitute, and by the exhaustion in some cases of

material. The last fate must overtake the Standard Oil Company. In railways, the contingencies just mentioned are not considered at all, but they are very practical contingencies. Water transportation will increase; and the cost of building new roads is already much less than the cost of the existing roads, with large further reductions in sight. In considering the actual wealth of all combinations, prudence would shear off a large per cent. for these contingencies of competition. In 1920 the entire outfit of the large industries may not be worth twenty per cent. of its present value in the market. The destruction of capital through the progress of invention falls most heavily upon the industries submitted to the fierce competition stimulated by large profits; great prizes excite the interest and zeal of inventors, and the steady growth of capital furnishes the means required to develop the new system or force.

VI.

Though capital tends to flow more evenly over the surface of our industrial societies, there remain, and must remain, large fortunes, rich men. A dead level of possessions would be fatal to progress. For the initiation—for introducing the new—the rich man is a kind of necessity. Not even a collectivist state could do this work so well as the rich capitalists. Novelty in a thing implies a risk greater or less; in things utterly new, like a telegraph, a large risk. The state ought not, the men of moderate fortune ought not, to incur this risk. This and

other useful functions of large capital have been described in an admirable way by M. Paul Leroy Beaulieu of the Institute of France. He maintains that riches in the hands of a single person have a mission, a social function, which such a fortune has the sole power of executing. One duty of a rich man is to keep his fortune intact for the use of society. Capital is a necessary instrument and it ought to wear out less in large bodies. A thousand small capitalists may be ruined by adversity without personal fault. A fortune as large as the combined thousand fortunes may not disappear without the fault of the owner. He has an income with which to replenish wastes. But he cannot keep his goods unless they are in human service. Large fortunes are in fact lost as frequently, relatively, as small fortunes; because prodigality has been allowed to disperse them. If a fortune is intact and grows, it will be found, as a rule, that it is rendering service as the capital of large undertakings which reduce the cost of our superfluities.

Every great invention must traverse a period of uncertainty, during which a large capital may be employed to pilot it to a safe harbor. If the result is assured, the large fortunes will be necessary; for the timidity of the small capitalist—an industrial virtue in him—will prevent the execution of the project, since nothing but absolute success can, or ought to, entice the small owner of capital. It is the function of the large capital to take both the risk and the reward of the uncertain good. Then there are things to be done with "big money," which

will never "pay" and are not meant to pay. One of the distinctive works of this sort is *The Auditorium* in Chicago, the projectors of which are gratified when, at the end of a year, they can say that the expenses of the year have been covered by the receipts. If this public enterprise should by and by yield a small interest upon the millions expended, that result will be an unanticipated and unsought reward of civic spirit. A large number of charities which are not charities—enterprises conducted for the benefit of the poor are scattered over Utopia; their principle is the self-supporting one; the capital gets no return or a nominal one. Only large fortunes ought to tax themselves for such enterprises. Miss Collins in London, England, has done a great philanthropic work by promoting the construction of improved dwellings on the basis of a moderate return upon capital. Lodging houses for the poor are another favorite form of philanthropic investment. Large fortunes are at work in such ways, all over "the dark continent of London life." Nor is it superfluous to add that the pure charities and missions, home and foreign, of the churches could not spare the large gifts of rich men. Our institutions of learning have been built by both rich and poor—co-operation in the pure voluntaryism of a democracy—but it has been a great good for education and culture that the rich have been able to give large treasures, or to bequeath them for the schools, hospitals, art unions, libraries and other instruments of culture and charity. There is therefore a special blindness, if not

meanness, in the abuse of capitalists for their donations to public interests. A bewildered preacher, misled by "reform" literature, recently reproached a great university for accepting the gifts of a well-known capitalist. In a frenzy of prophecy he cried out: "The university will fail; its foundations are laid in blood." Truly, there are strange human creatures in Utopia.

The large farmers of this country in some miraculous way have escaped the reform censure. Perhaps their turn is yet to come. M. Paul Leroy-Beaulieu has stated very forcibly the services rendered by the large French farmers to the owners of small pieces of land. The large farmer gives employment to the small owners; the effect of this is very marked in the better condition of the small landowners who have big farmers for neighbors as compared with regions where all the land is divided into small holdings. As in the case of other large capitalists the larger farmers make the riskful experiments, introduce the new products, devise remedies for the diseases of plants, perfect systems of manuring and indicate the path to better culture in various ways. French farming owes all its advances to the large farms. The large proprietors are often scientifically educated, they keep their minds open to new ideas. They stimulate chemists to work upon difficult problems by the offer of large rewards, they apply in practice the suggestions of the experiment schools. This erudite Frenchman has the courage to add that the non-resident proprietor who combines agriculture with

a city business is not, on account of his residence in a town, the less a benefactor of the small farmer. This example taken from another province of Utopia, illustrates in a forcible way the services of the large capitalist in all branches of production. He is a pioneer, a discoverer, an example showing the road to success. If anywhere he is immoral, that is an evil to be morally treated: as a capitalist he fills a beneficent office.

VII.

Why a money-lender is called a "Shylock," would puzzle a visitor from Mars after he had read Shakespeare; it will puzzle the next generation of Utopians. Shylock is offered his money, double his money, and replies;

> "If every ducat in six thousand ducats
> Were in six parts and every part a ducat,
> I would not draw them. I would have my bond."

He refuses double his money claim, and he says he would refuse twelve times that claim. He wants revenge and prefers revenge to thirty-six thousand ducats. Nobody charges the money-lender with wanting revenge; he is charged with wanting what Shylock refused. Will "reform" brethren please give Shylock a rest? He has laid a plot for a man's life—not for money—and he seeks that life under the forms of law *at great cost in money*.

Interest in modern times is as practical a matter as the hire of a horse or the rent of a barn. To many sincere but ignorant people, a puzzle comes

out of the use of money to transfer capital. Some demagogue has told them that it costs the government practically nothing to print Treasury notes, and since Treasury notes are as good as coin, they are told that no interest should be paid for the use of money. Ignorant people are numerous who know that these things are mixed up and confused, and that money *must be good*, or bring good money. "If the government will give me," the ignorant unsophisticated man will say, "gold coin for its notes, redeem the *promise* to pay, it is all right; of course it is. But if you forbid the government to redeem it, then it is a false promise, and lying promises don't pass at their face value." The sophisticated ignorant man who has the greenback disorder in this special form, is a species of lunatic, as unapproachable by argument as a Bedlamite. Let us pass on to the favorite mode of arguing that interest ought never to be exacted because coin has no productive power, it cannot increase. A dialectic of this species is interesting as a psychological phenomenon. You see a mind caught as in a vice by that "coin cannot increase, therefore one should not pay interest." If the man believes that a logical formula is "truth's self;" if he would accept the story of "The One Horse Shay" as a literal fact, because "logic is logic," then there is not much hope for the poor fellow. The first thing this man might learn is that when he gets coin he does not wait to see whether or not it will grow. If he has borrowed one hundred dollars for a year, he will not keep the coins in his pocket a whole year,

and then pay them back. If the purpose of borrowing had been *that*, if money were lent for *that* —just to carry about with one—then the equity might be reversed and the lender pay a sort of safe deposit rent to the borrower. But it is not necessary that the coins should grow ; the borrower will as soon as possible, pay out the coins for something which he thinks will grow. No man in his senses will give six dollars a year for the use of one hundred dollars unless he believes that use to be worth to him at least six dollars ; as a rule he expects it to be worth more. The dialectically troubled soul who will notice what he does with his borrowed money, will see easily that he did not get merely some coins but the power to get something he wanted. He did not want coins; only misers want them. He wanted power over things desirable. Let us say that he wanted a horse. He got the horse when he got the coins. If he did not, then he has not paid for the horse. As an adorer of dialectics he might try to prove that he rightfully possesses the horse. The man who lent the coins may have wanted the same horse ; he decided to do without the horse and get interest instead. He might have been entitled in all equity to the use of the horse ; but having lent his money to a dialectic and highly moral person, he learns that this fine person has the use of that horse while he, the lender, is not entitled to interest on coins—because coins do not grow bigger.

People do not lend or borrow money ; they lend or borrow *capital*. If there were no fallacy in

the argument against interest, there would be no money-lending. A would not lend to B the power to possess a horse; he would himself possess the horse or something else. The lender parts with power over things valuable; the borrower obtains power over things valuable.

The theory that the government might lend greenbacks for a nominal interest—equal to the cost of printing and doing the business—has fascinated some minds. The serious objections to inflation dispose of this "halcyon dream." But it is worth while to reflect that the right of the government to issue promises to pay must be limited by its power to pay as it promises, at the pleasure of the holder of its notes. This power has some limit. We may be very generous in guessing at that limit. Let us say it is one thousand millions. That is probably very high. Double it and say two thousand millions; it will not much matter, since no one can stretch it to meet the demand. For the government must treat all persons alike. Whoever wishes to borrow money for nominal interest must have the right to do so on pledge of property. Now, we are said to be worth sixty thousand millions. If the government loaned to half that amount, it would loan thirty thousand millions, fifteen times the amount set as a limit of its power of redemption by a vigorous imagination. No serious discussion of such a dream is required.

Confusions of mind about money—neglects of the fact that it is free capital—give rise to popular expressions such as "There is no money in the

town." There is in reality plenty of money, but those who complain are persons who cannot pay, or cannot collect debts. The simple explanation is that debtors cannot—sometimes will not—pay their debts. Some are perhaps insolvent, could not sell their substance for enough to pay their debts. They have dipped too deeply into superfluity. If they cannot pay, it is not any fault of the currency system, but of their personal management. There is money in plenty, but they have no claim on it. Doubtless they believe that if inflation should set in with a rush, something would "turn up" to give them greenbacks. It is safe to conjecture that after five years of inflation, they would be in their present condition, in debt beyond their power to pay. The cause of their grief is improvidence, and inflation will not cure this moral disorder.

CHAPTER VI.

MONEY IN UTOPIA.

I.

IF WE were free to return to an earlier experience, the abolition of all legal-tender laws would free us from all the inconveniences of standard money. Each man would then agree to pay or receive a given number of pounds of silver, or gold, or of any other commodity; for in the practice of our ancestors no standard existed. We should, however, lose all the conveniences of standard money, and these greatly outweigh the inconveniences. The world did not become Utopian until we had acquired standard money. The advantages of abundant money are habitually exaggerated. And Utopia has learned how to manage its business with much less money than we required for a like volume of transactions fifty years ago; but the usefulness of a common standard, easily ascertained and entirely secure, is one of the means of dispensing with real money. The check makes money unnecessary for the greater part of our exchanges; but the check requires a standard of value. It is true that warehouse receipts for coin, grain, meat and metals might function as checks do; but the value would always require a calcula-

tion and the uncertainties of value caused by fluctuations of market prices would make the system indefinite and cumbersome. In the decades 1820 to 1850, wheat, in some sections of the United States, was a kind of money. "As good as the wheat," is a survival from that period. But the bushel of wheat always meant one dollar. A wheat currency based upon the present conditions would be a very different thing. We might conceive ourselves to have arrested progress and begun our retreat from Utopia—and then we should need no standard.

We are not free to abolish standards or to change them. The existing measures of value are in use to measure obligations running over half a century or more of the future. Long-time bonds and life insurance policies are obligations to pay dollars, francs, pounds, florins, marks, of defined weight and fineness. A vast sum in such obligations to be paid in the future confronts us when it is proposed to abolish standards. It is unfortunately too true that our efforts to provide a just measure for a half century in advance are not encouraged by experience. The rule about money is that it shrinks in power. The pound once meant a literal pound of precious metal; and French *livre* and Italian *lire*, mean pound. In two centuries, the value of a coin may be estimated to have shrunk about half in France. That is to say, a franc of 1695 would buy twice as much as a franc of 1895. The rule has been that the long-time creditor gets less than he lent when payday comes.

It is a peculiarity of our time that this rule is believed by many to be reversed. The silver question has its chief interest through this notion that the dollar—contrary to all previous experience—is growing bigger. There are reasons for doubting the perfect sincerity of *all* the persons who avow this belief. One reason is this; we have been diligently informed through at least a decade that the dollar is growing bigger. No man who can read is likely to be ignorant of the proclamation of danger to the debtor; the less likely that political orators and newspapers have taken up the cry of alarm. And yet time-debts are freely contracted all over the country, even though an obligation to pay in gold is often required. An honest belief in a growing dollar would naturally check the making of debts running over a year; but they are frequently made to run five or ten years. It is idle to reply that these debts are necessary; only a part of them are necessary even in the enlarged meaning of this word, in Utopia. That necessity makes a five thousand dollar mortgage is a favorite heresy of speculative or unthrifty Utopians. If the dollar is growing bigger, the people who are free to take warning do not give any sign that they believe it. Interest will fall to two per cent or less, the day all borrowers realize that "the dollar grows at the rate of five per cent a year." "Legislation," we are told, "is all in favor of the creditor class." But the debtors, not the creditors, contract the debts, and they will stop contracting them, or at least greatly reduce the volume of them, whenever

they *believe* that "the dollar grows bigger every month."

The contention that the arrest of the free coinage of silver dollars in 1873 has cheated debtors in the interest of creditors by doubling the value of a dollar, is stoutly maintained; and it is not easy to *prove* that silver has declined one-half in value so demonstratively and mathematically as to exclude *all* doubt. There is, however, a plain fact of our money history which "silver men" never mention, and that is this: we have not had in this Republic any other than a gold standard since 1835. A bimetallic standard existed up to 1873 *in posse*, but not *in esse!* Silver was usually the dearer metal; very little of it was coined; and no one was required to pay his debts in this dearer white metal. An immense increase in the amount of silver annually mined became apparent after the Act of 1873. The total amount mined in twenty years is immensely more than in any previous half century; and it would be a strange thing if increased production had not caused a fall in value. We were all agreed a little while ago that the Californian and Australian gold fields produced a fall in the value of gold.

The real case of *some* debtors is or was this: If the free coinage of silver had not been arrested in 1873—a date when there was no demand for it—debts due in 1878-80 might have been paid in a cheaper dollar. How much cheaper it might have been is difficult to estimate. But after about 1880, we should have been doing business with a silver

standard, and the effect of the change would have been fully "discounted." But all debts contracted since 1873, have been made under a single gold standard. There should be few private debts of much older date than 1880. It is hard to see how any large part of the difference between gold and silver can be now on the wrong side of a debt transaction. If a man owes a debt contracted as far back as 1873, it is safe to say that he will never pay it, and that, therefore, it may be erased from the list of grievances. Utopians cannot afford to worry about the improvidence of a citizen who sleeps for a score of years over a debt. Whatever evils in the world of credit came from abolishing a *theoretical* double standard were liquidated long ago. If the dollar is growing bigger, debtors have had full notice of the single standard and go on contracting long-time obligations with full knowledge.

II.

A candid hearing is asked from men who doubt the wisdom of what is called the "gold standard" to some parts of the question which have been either altogether neglected or very partially explained. We begin with a very brief statement on one of the latter class. It is generally conceded that there has been a fall of prices and a rise of wages in twenty years. One side of the controversy makes much of the fall in prices and the other dwells upon the rise in wages. But the two ought to be considered together. If they are taken

together then the fall in prices may be considered as a result of a reduced cost of production—a reduction so great that wages have risen while what wages are turned into—products—have fallen; or else the fall in prices has been at the expense of capital, goods being *generally* sold below the cost of producing them. One silver producer—perceiving the necessity of reconciling the two sets of facts—has claimed that capital *is* the sufferer; that goods are sold below their cost to the manufacturers of them. We have italicized the word "generally." It is admitted that some goods are always being sold below the price of making them. If in a given year wheat is produced in excess of the demand, wheat will have to be sold below its cost to the farmer; since most farmers *must* sell their wheat for what they can get. Anything may be sold below cost for one of two reasons: (1) That too much of it is on the market. (2) That some producer has failed to produce economically and must lose on his product.

The economist would recognize the second fact as a result of the first. But goods cannot *generally* be produced and then sold below cost. Manufacturers are enlightened men and are not in business for the pleasure of throwing away capital. We must therefore assume that the cost of production has fallen. We know this to be true as to many products and it is a fair presumption that science, invention and organization have reduced the cost of products generally.

Has a debtor the right to pay a debt in products

that cost him less than the products he borrowed? For money borrowed is another way of naming products borrowed. The money was borrowed to buy products with. If one says he borrowed to pay a debt, then he must remember back a little farther, for the debt was incurred to buy products. Our question answers itself: no man has a moral right to pay with less cost than he received. The debtor has no exclusive claim on the benefits of reduced cost of things. If prices have fallen because invention has reduced their cost, the debtor pays back more products, but of the same cost to himself, because the same cost yields more products.

It is claimed that if other men's labor is made more productive by the fall in prices, the debtor ought to share in the gain—to pay not in labor but in products. This contention assumes the point at issue. For, the fall in prices being a result of increased efficiency in labor—the same labor producing more—the debtor, if he labors, does get the same advantages as other men. He produces the larger product required to pay his debt, with the same amount of labor required to produce what he borrowed when he borrowed. The creditor is not exempt from a risk on his side: the fall in prices may come partly from decreasing power in capital, and the creditor may receive back a smaller earning power than he lent, because the rate of interest or profit has fallen. Indeed it is a part of the complaint against a gold standard, that capital is impaired through falling markets for products. The losses complained of are chiefly due to bad man-

agement or to attempts to produce under disadvantageous circumstances. The loss in the earning power of capital legitimately results from the increase of capital by the savings of the people.

It is honestly feared—and wise men have shared the fear—that a universally recognized and exclusive gold standard of value may produce very disastrous results. Strictly considered, there is a chance for a doubt—no one can positively *know* how it may come out twenty years from now. So far as we can judge by the facts and the accepted doctrine of economics, there is no occasion for distrust or alarm. During the last six months the author has thought as candidly as possible over the whole ground, going over it again and again. In the first place, there will be an increase of gold production. It is in plain sight at home, in South Africa and in other regions. This is not a conclusive argument. The main consideration to which we invite candid attention has been much neglected. While measuring price, money is mainly acting in business as a medium of exchange. A sells a horse for one hundred dollars and buys two cows with the money. The only use he has had for the money has been as an easy means of converting the ownership of a horse into the ownership of two cows. If he had taken B's note for his horse and given it to C for two cows, the note would have served him as money. All uses of money are just like this case. Turning to the measure value of money, note that it measures both sides—the price of the cows as well as the price of the horse. It is

only in deferred payments, or debts, that the measure may, by changing its value, work injustice.

Now, just what is this measure? And just how does a gold standard affect the problem? What is the quantity measure of money? Is it made up exclusively of the gold in the country or in the world? Taking the last question up, we see at once that whatever is used as money is a part of the quantity of money in use on any day of the year. Money is needed to effect exchanges. Whatever effects exchanges without the use of gold reduces by so much the need of gold.

If this country had six hundred millions in gold, six hundred millions in silver and six hundred millions in national banknotes—all of equal value in exchange, no one of the three at a discount relatively to the others—then the quantity measure would be eighteen hundred millions, not six hundred millions. For the twelve hundred millions of silver and paper would effect two-thirds of the exchanges and leave gold only one-third of the work to do. Our reason tells us that the twelve hundred millions, if kept at gold level in exchange, will do two-thirds of the work of all the money and therefore will be practically a part of the quantity measure. Whether silver be subsidiary or standard, it will effect exchanges to just the same amount. Nor is this all. It is possible that the silver trouble has arisen from a great reduction in the amount of money required by the business of the world. This is just the contrary of the common belief that there has been a vast increase in the use of money. The general use

of the bank check in making exchanges is a growth of the last fifty years; and the change it has brought about is one of the amazing things. We buy and sell with checks on banks, which are also deposited in banks. Men in business use very little money. If a check will take the place of money then the amount of work required of money is again reduced, and this time enormously. We make a very moderate estimate. If the exchanges of a day are one thousand millions, the payments will be made about as follows: nine hundred millions in checks; ninety-five millions in paper; five millions in coin, and of the coin four millions will be silver. Under the check system we "make turns" and change the ownership of a horse into the ownership of cows by means of a bit of paper. The estimates here made are larger than practical tests—counting funds paid in and out of banks—have made them.*

III.

"What then is the gold standard good for?" Well, what we clearly see, is that all other money must be convertible into it on equal terms, that is without discount. An increase in the value of gold can only arise from an increased use of it. That would seem to be impossible, because the use of checks is increasing—unless this means that the using of other money makes an excess value for gold. If it

* Of course banks pay and receive money to a large amount. But in an honest Utopia much, possibly all, of this business of cash payments and receipts by banks might be done in clearing-house certificates, having the prompt payment feature of checks.

gets an excess value, that fact will be marked by a premium. If there be no premium on gold, there can be no direct proof of enhancement in value. If the credit-confidence we repose in the government as the powerful agent for maintaining the parity of value in exchange for all kinds of money, be well founded and well buttressed by adequate gold reserves, then a limited *use* of gold must keep its value about at the level of the cost of producing it. This means that a day's labor in producing gold—counting in all the days when no gold is found—cannot rise much above the value of the like labor in other callings. In the worst of possible cases, a slowly rising value of gold cannot produce disasters. It may make men cautious about signing long-term contracts to pay dollars; and such caution would be a public good. The chromo financing needs a good deal of checking up; and mortgages are too large and too numerous. It is candidly believed that gold is as likely to fall as to rise. Some tendency to rise may be recognized as an effect of change to a gold standard by several nations and by a rapid locking up of reserves. On the other hand, a large increase of production of gold and a continuous decrease of its use in exchange may be confidently expected. There is gold enough in the world for much larger reserves than all the nations are able to lock up. And in this connection it is very noteworthy that England, squarely on the gold basis for nearly all the century, now holds a smaller (relatively and numerically) reserve than any other

great nation. Once settled upon, the gold standard works with small reserves.*

There are persons to whom this must be a very unsatisfactory view of the case. They fear the state of things in which business is done on a falling market because prices are constantly in process of reduction. They say that no matter what the cause be—whether reduced cost of goods or enhanced value of gold—this condition of trade must be fatal to prosperity. Most men will do business at a loss and exhaust their capital. New enterprises will not be entered upon; the prosperity of the country will disappear. If prices fall through reduced cost, then, they think, the loss ought to be met by cheapened money. Few put the case so frankly; but many believe in this theory. And holding that plenty of money means cheapened money, they desire some kind of inflation. It should be clear to this class of sincere people that an inflation can go on only for a few years—at least such has been the experience of mankind; and that sooner or later the days of inflation must bring us to the days of contraction, and that the change will come with a fatal shock. However desirable it might be to keep prices at a level, the only way to do it is to stop inventions of all the kinds that reduce the cost of

*Somewhere in a line of weights, we must fix upon a standard and keep a material sample of that standard. We must fix in distances upon the inch or foot or yard and somewhere keep that standard. We must have a standard gill or pint, quart or gallon; a standard peck or bushel; and the standard must be available for testing in all cases of need. It does not follow that all the wood in the world should be made into Winchester bushels. A money measure can be had—so far as human experience knows—only by requiring that other money be convertible into the standard. Actual conversion into the standard money is no more necessary than that the sample foot, gallon, or bushel shall be used whenever anything is measured. Inflationists cause the largest demand for actual gold.

goods. And if we have, as some think, reached the end, or are near the end of invention, then a level of prices may come about under a gold standard.

There remains the practical increase of debts through falling prices. In five years a farm mortgage of one thousand dollars may become a mortgage of twelve hundred dollars, by a twenty per cent fall in grain. And although the fall may be due to decrease in the cost of producing grain, the reduction is not *valuable* to the farmer; he has had no profitable use of it. We suspect that this is about the farmer's case; but we see no way of relieving him. He has probably made a mistake in borrowing money, and before borrowing he ought to have calculated that the price of wheat might fall and so practically increase his interest by say five per cent a year. Fall or rise in price is one of the things every man must try to forecast. The disaster which sometimes overtakes the farmer does not come to him only; almost all business men are liable to guess wrong about the future prices—and to suffer for it. It seems to be an inevitable evil of the world. In all cases some part of the loss in capital through falling prices is gotten back in the decreased cost of living, making it possible to repair capital by new savings. The farmer is less aware of this counter gain and perhaps gets less of it because he produces much of his own food, and as a rule spends less on manufactured goods. This also is an evil for which the wit of man has no remedy. The utmost that a just government can

do for a borrower is to secure to him the right to return to his creditor just the amount of labor which he borrowed—to protect him against paying back more labor; and the wisest government may fail to do this from sheer inability to adjust a currency to every possible state of production. The farmer who borrowed when wheat was worth a dollar pays when it is worth only eighty cents. But there is a presumption that he can produce the increased amount of wheat with no increase of labor. This presumption may fail because the farmer cannot or does not know how to increase his product. But other farmers have done so, or wheat would not be cheaper. Farmers and other producers cannot be protected against producing more than the market will take at a remunerative price. Every one knows that if we produced annually one hundred million bushels less of wheat, the price would rise probably enough to make the most careless farming profitable—to protect all wheat raisers from the consequences of their mistakes. The same reasoning would apply to other necessaries of life. Of course the excess produced finds a market at the expense of heavy losses by all producers whose wheat or cotton cloth has been disadvantageously or uneconomically produced.

IV.

The international part of the question is assumed to present a grave danger. There is not only the fear that the international struggle to get gold may severely depress and unsettle markets for

products, but it is also feared that we shall come into bondage to Europe in the world of trade. The argument here is, we confess, a little cloudy. A temporary derangement is barely possible while, or so long as, European nations are gathering in gold reserves. But trading with them in a common standard of value presents nothing but advantages which are obvious. Of course it may cost us more to pay our debts—some of them— to Europe than it would cost in cheaper money; but that is not an argument for honest men. We shall be able to borrow from Europe on better terms if it is distinctly understood that our dollars are gold dollars. As to fall in prices, debts abroad will be on the same level as debts at home. Whoever has not made his labor as efficient as his neighbor's, will, in either case, suffer (as a debtor) from falling prices. He would be liable to suffering under any safe system of currency whether the standard were silver or gold. Present debts might be more easily paid in cheap money; new debts would have the same crushing weight as present debts, unless the currency were systematically cheapened year after year. But there is a large reason for accepting as final our present gold standard. Suppose we should change to a silver standard? It is probable that the change would at first bring distress and afterwards unnaturally stimulate speculation and bring on a severe reaction in the end. What would then happen to the great army of small capitalists, under duress of debt, made in times of inflation, if, all Europe having adopted the gold stand-

ard, we should find it necessary to follow the example and return to our present standard? Assuming that a silver standard gave us a cheap money, we should have gone through again, before the double change had been followed by a restoration of confidence, the experience we had between 1862 and 1878—first lenders' losses, then debtors' losses, with all the pains of the march and countermarch. It is so nearly certain that the world abroad with which we trade will retain or adopt the gold standard—whatever we may finally decide to do in the next few years—that prudent men can not leave it out of their reckoning; nor can we doubt that this country would return to the gold standard when we found that the rest of the civilized world had permanently adopted that standard. Credit — confidence in the government's power to maintain parity in all kinds of money —must be based on a reserve of gold. Nor is that expensive. A gold reserve of two hundred millions need not cost more than six millions a year. That is about nine cents a piece each year for the people of the United States. Want of confidence cost us in 1893 more in dollars than security would have have cost in cents.

V.

Two reasons are given for inflation. One is that it will enable some persons to pay their debts. The other is that it will enable traders to do business on a rising market. As to the debts it is pleaded that they have been increased by contraction and there-

fore equity requires a reduction by the counter process. As to trade, it is pleaded that all business is being done on a falling market, and that no profits can be made in such conditions. The goods bought fall in price before they can be sold. One economist writes that a slight upward movement of prices is the happiest condition for successful trade.*

The debts present the greater difficulty. It is possible that there may be some justice in the plea of equity. Still as few debts are more than five years old, the loss cannot be as great as it is represented to be. According to one of the more sober inflationists, the actual loss in five years is about ten per cent. It is too much, but it is not fifty per cent. The trade argument is of little value. Goods are sold in four months or less; the loss during that time cannot be much. The ideal condition may be rising prices; for the reason that little brains would be required to sell goods at a gain, if goods were worth more than cost the next week after their purchase. The obvious difficulty is that to maintain this ideal condition of the market we must go on pumping wind into the currency, and in time it would become so light as to float off in the air. However slight the increase each month, it would in time become large. One might ask for details. How much should a yard of calico rise in price each year to make an ideal condition of

*"If there were to be any continued change in the value of money, it would be better to have it slowly *decrease* rather than slowly increase, because business is always active on a rising market, with at least a slight fall in the value of money."

OSBORNE: "*Principles of Economics*," page 319.

trade? What should be the assumed rise in the price of wheat? Sugar? We might ask also: What effect on consumption would such a steady rise have? Would it not decrease the demand and make it more difficult to maintain prices? Any rational answer to these questions would assume that inflation is equitable; that all of us get the benefit of higher prices, and therefore we are able as consumers to pay these higher prices. But the same great rule applies to a scale of falling prices far more certainly. The man who sells for less than before also buys for less than before. Equable and equitable rise or fall theoretically come to the same thing. In practice falling prices are more favorable to increase in the amount of trade as measured in goods. All producers would like to have the door thrown open towards an increasing demand. On the inflation method of getting rich there must be two increments of currency, one to make prices rise, the other to enable people to buy an increasing amount of goods.

It is not worth while to pursue an analysis of the effect of inflation on prices. There is an invincible obstacle in our day to the theory of rising prices, and that is reduced cost of goods. It is convenient for inflationists to ignore the fact that a vast number of things are produced at half of what they would have cost twenty years ago. There is hardly any product of iron ore to which this remark does not apply; and the majority of things offered for sale in retail stores show the same reduction of cost. If a ton of pig iron is produced

at half its cost in 1873, why allege that an Act of Congress in that year has reduced the price of pig iron one-half.*

Adjourning the silver question for the present, let us seriously ask what all our invention stimulated by competition is good for, and what do we want it for, if the ideal condition of trade is a rising market? Those who oppose every change in the price of a thing (except an upward change) ought to tell us what we shall do with our inventors and managers. If a great number of commodities are produced at less cost, that explanation of their fall in price ought to suffice. No one would have suggested any other reason for this beneficent event—low prices—if there were not a theory that prices are moved up and down at caprice by the money standard. A change of standard—more apparent than real—having occurred, the inflationist seems to charge all reductions of price to this change of standard. That cannot be true. Cheaper production is the inevitable result of the improvements we have made in production. In the field of manufacturing industry there has been no fall in prices which is not fully accounted for by improved methods. It is not an exception to this rule that excessive supplies have, during the last two years, been sold at a loss on a stagnant market.

*If the silver men had not desired inflation—by a measure which seemed convenient and an argument which seemed to disguise their end—they might have provided silver with plenty of work as money. It was necessary only to retire all paper money. The treasury notes might have been funded in bonds, and a bit of unfriendly legislation would have disposed of the national banks. This simple method of making a market for silver is too straight a road to the advertised purpose not to have been fully known to the "friends of silver."

If it is easy to see that reduced cost has caused a fall in the price of many things, some things have fallen in price through excessive production. Cotton and wheat are in such a list. The steady increase of the cotton crop seems to have escaped the attention of the inflationist; and there seems to be a set purpose to ignore all the large facts about wheat. The wheat which reduces the price is produced in Russia, India, Africa and South America, at half its cost to the American farmer. But call it reduced cost, or call it excessive supply, cheap bread is due to new harvest fields spreading all around the globe. There is nothing in the principle that prices are measured in the total amount of money which can prevent the fall of price in things produced at less cost, or a fall of price in things which are in excessive supply. These causes act on price *in detail*, one at a time, and gradually sweep over the whole field of production.

This principle that the amount of money regulates the price, must be rationally interpreted and applied. In the first place it means the total amount of currency at any time available, plus all credit power, including in the list, checks on banks. *Whatever will procure goods* is, for the purposes of this principle, money. If a note of hand will receipt a bill of goods, that note of hand is money so far as price is concerned.* A

*The note defers payment, of course, and *may* be a demand for money when it becomes due, but it rarely becomes such a demand; for the notes of buyers are usually cancelled at the banks by the checks of new buyers of the same goods. The completion of the barter or "turn" is what is deferred.

study of trade for the last decade will show that the check has become more important and the note of hand less important—credits being for shorter periods. But both are large facts in price. In a market all who want goods can buy to the full amount of their cash assets, including good debts due them, no matter what the standard of money may be, if they desire to buy to that extent. A buyer has something to give which will be accepted; it may be his own note; it may be his check. So long as he can get the goods for his kind of money, that money is a part of the volume of the currency. The standard money fixes the value of all money; and all money fixes the price in co-operation with the cost of production, supply versus demand, and competition.

VI.

There is an incommensurable factor. It is the imagination. A feeling that times are good, that trade will be brisk and money plenty, affects both buyer and seller. The imagination forecasts a happy and easy future. It may act in the opposite way and forecast danger. Times of inflation witness a rise of prices and times of depression a fall of prices, accelerated in each case by the public mood. The insuperable obstacle to a perpetual rise of prices lies in this play of the imagination. Rising prices make the buyer anxious and the seller indifferent. The result is that prices rise too rapidly for the ideal state of trade; and the error must be corrected by a fall. A man whose goods will be

worth more each tomorrow, wants next month's price.

There may be two kinds of inflation. In one there is more money, all believed to be good. In the other kind, part of the money (all that is offered to sellers) may be under the shadow of a doubt. During 1864 all money in circulation was under a shadow. Prices rose out of all proportion to inflation because of the shadow. After April, 1865, all prices fell, though the amount of currency in use was not reduced. In this case the imagination was a factor in price. The seller was willing to part with greenbacks for higher-priced goods. Then a new element entered (after April, 1865), that is to say the general comparison of the greenback dollar with the gold dollar. Hitherto the question had been: can the government ever pay its debts in the form of Treasury notes? After that date, the question was, when will the government redeem in gold? We dragged through a dozen years of depreciating currency to gold par. Of course prices fell. They had to fall from the heights attained with doubtful money. It was not merely a decline measured by the difference between gold and paper, May, 1865, but a decline measured first of all by the exaggerated price standard of 1864. We had to rectify at immense cost in suffering the line established by a doubtful money.

To separate from each other the effects of reductions in the cost of goods and contraction in money, will always be more difficult than dealing with the cost factor and the money factor in a

time of inflation. Note first that inflation means superabundant money—a considerable increase of money coming to market and bidding up for goods. The effect is instantaneous and easily registered. But given a reduced cost of goods and a contracted currency, the degree in which each affects prices is not easy to determine. Under inflation, increased cost cuts the smaller figure; under contraction, reduced cost may be the much larger force. They are both acting in the same direction, except that lower prices caused by lower cost may make contraction insensible because less money is required for a like amount of goods. In other terms there may be a contraction which has no effect on prices—may not increase the reduction in prices. The less money does the same work as before the fall. And yet the moment a belief exists that contraction is going on, there will be a pressure downward upon prices. "Thinking makes it so"—makes Denmark a heaven or a hell. It makes contraction at the order of the imagination.

The ideal condition of trade, rising prices, would have a depressing effect upon invention and management. The motive for progress and invention is weakened by any condition which offers perfect security. The certainty of a higher price is a nearly perfect security. Inflation exaggerates this sense of security. The Utopian result—the largest return in superfluity for our effort—requires the conditions of reduced cost in things; and reduced cost is only another name for a larger return for our efforts. Whenever men feel secure

they relax their economies and cease to care for the better machine or more effective management. A friend, a business man, tells the author that he was much struck with the business extravagance of the silver kings. Indeed, all production in western mines has had a note of extravagance because the sense of a close and uncertain margin has not been felt as keenly as in older communities. This friend thought that these mountain kings paid wages recklessly (and the workmen spent recklessly); and he noted such facts as this: the correspondence was conducted mainly by telegraph, and these prodigal princes of industry had a sort of contempt for business men who used the postal service.

That any real contraction has occurred in the last fifteen years would be very difficult to prove. Enough has been suggested respecting the reduction of cost, the effects of large supply and the work of competition, to put out of court the plea that lower prices prove that the currency has been contracted. These are plain causes of falling prices of commodities. On the face of things, we plainly have more money per capita than we had in 1885. It is not clear that we need more per capita. The more things we have are presumably procured by the same efforts. No considerable increase of effort being apparent, the only plea for greater need must be based on a larger enjoyment of things. "Each gets more, therefore needs more," will not prove it unless the more exceeds the reduction in cost.

Inflation produces a paradise for the incompetent speculator, the man who can "invent" nothing comes forward with his "enterprise" and becomes rich. He has added nothing to Utopian abundance; he has merely transferred to himself a part of the wealth of others. Part of this wealth is the wages of labor. Wages change slowly at the outset of a movement to inflation. The workmen get old prices; our enterprising man sells their labor in the form of goods at higher prices and the workmen pay more for their supplies. The author once called this matter to the attention of one of these enterprising speculators. He replied: "That is just what we want; wages are too high." He did not tell the workmen *that*, but assured them that more money would raise their wages. The Utopias contain large numbers of active incompetents, always trying to do business without business ability, who are willing to take the benefits of inflation. In the first rush they will gain something; in the end they will be undergoing the process of liquidation. Even they can be aided only momentarily by interference with economic order.

VII.

The belief that, if other people were as wise and good as ourselves, money would be had for the asking, *though all other things have to be got arduously*, is the craziest bee in the Utopian bonnet. For no sensible man wants money, except as a bridge from one thing to another thing, the first thing being the equivalent of the second. Why then,

shall not we dispense with money? *We are learning to do without money.* This is not the crazy man's order of operations; at a time when civilization is in full use of a system in which every man makes his own money, the lunatic asylums are robbed of their birthright in ideas by statesmen, seeking to make more money. The silver question hinges upon the difficulty of employing all the money we have. If the world had not devised and employed the check system, we should have taken up all the new silver with our expanding business, and, perhaps, only a very slight shock might have been felt, not more perhaps than the Californian and Australian gold mines caused us. The truth is that we are working out a system in which money more and more declines in importance; for in this system all property can be mobilized—put into share certificates and become the basis of *credit* loans. Thus: A divides his farm into one thousand shares of one hundred dollars each. This is practically the old *Credit Foncier* system*. Each share is now transferable at pleasure; he can "borrow" money upon the simple transfer to him of the right to draw checks upon the bank. Such checks are the best paper money in the world. The first word of a note is *promise*; the

* In Switzerland, farms are practically mobilized with simple and inexpensive formality. A wishes to borrow of B a hundred dollars on his farm. A and B go before a local magistrate and state the fact of the loan, which is noted in a book kept for the purpose—a mere note sufficing. By and by, A borrows two hundred dollars of C. The same formality is repeated. He may go on borrowing until he has a score of loans. If he defaults on his interest, the *last* creditor is called before the magistrate and given an opportunity to take the farm and assume all prior claims. If he declines, the creditor next to him is sent for and this proceeding goes on until a creditor is reached who will "stand"—that is, take the farm and assume the debts *prior* to his own. Farms are easily bought and sold; for one needs only to pay the small claims of the "standing" creditor. And every farm is so much money to the owner.

first word of a check is *pay*. The check goes straight home to the bank; the note loiters, forgets the way home; the people who made it forget its claims; if a nation, the makers insist that it is a crime to pay it, and destroy it. When the retirement (by paying) of the greenbacks was arrested by popular clamor, a multitude of people regarded the payment of these notes as a horrible thing, an unpatriotic, treasonable thing, something almost as dreadful as the crucifixion of Jesus Christ; and to this day the notes run unpaid. There is no such *hocus pocus* in the case of an individual's money—the money every capable Utopian can make if he will take the proper steps. Millions of people are making this money, more millions every year. The only condition is that one shall have a real surplus. Let us say that ten persons owe him in all one hundred dollars. He collects from each ten dollars, in each case a check; he deposits the ten checks in a bank. He can now make money to the amount of one hundred dollars. If each Monday he receives twenty dollars for a week's work in a check, he may deposit it and make twenty dollars of his own money to pay his bills with.

This money is *barter* money, not credit money. It is used to settle debts and credits in a community.* Checks do *not* have to be paid in money,

*Some readers may not be familiar with cancelling debts by making turns. The practice was quite common in western communities forty years ago. A simple case of it may be stated as follows: A owes B twenty-five dollars. C, D, and E have claims upon B to this amount or more. They also owe to A twenty-five dollars. They transfer their claims upon B to A and with them A cancels his debt to B. The aggregate of debts canceled by this simple turn, is seventy-five dollars. The check does the same kind of work as the turn.

one cancels another. The cash balances of a clearing-house—a place where banks exchange checks with each other—are relatively insignificant. The banks can be trusted pefectly, in this form of service, if reasonable care be taken to secure their solvency; because the check is a prompt business agent. Banks cannot be trusted—and there is no need to trust them—to issue a Wandering Jew sort of credit money called "bank-money." The bank is too much interested in the remoteness and the land-and-sea perils of the notes which it must hope never again to see.

At all events, call the check money or call it a money-saving machine, we have solved the money problem by reducing our need of it. Demonetizing silver may appear half a century hence to have been a remarkably wise proceeding; and by that time the too much gold trouble may have come and gone.

VIII.

An honest Utopia will have banks for deposit and loan of the people's balances, and the total of expenditure and investment will pass through these banks, a proportion of these balances of individuals being available always for loan. An honest Utopia may extend indefinitely the mobilization of property. There is no reason except our lack of honesty why the value of a farm or a house should not be mobilized. Such expansions will make the investment of small savings easy and safe, and the result would be practically the conversion of all

values into money—barter-money—the best substitute for gold and silver ever conceived by the fertile Utopian brain.

The supposed scarcity of money is connected with another fiction, natural wealth. Nothing has value until the mind and hand of man have conferred upon it exchange-power—until someone will give for it something else made valuable by human effort. The worthy and active people in that gloriously rich land west of the Rocky mountains point to their mines, prairies and woods; and count up untold millions of wealth. It is "the potentiality of growing rich beyond the dreams of avarice;" but it is only a chance for riches, some natural conditions of riches. Brain and hand must make the chance a reality; until that is done, wealth does not exist. The "old tubs and vats" which Dr. Samuel Johnson offered for sale, were just tubs and vats of small worth. There are in the heart of Africa, forests of vast extent and not worth a penny a square mile. Stanley struggled for many days through woods containing more timber than all Utopia could consume in a generation; and yet these woods had absolutely no value. So a new country has no kind of claim upon money beyond the limited measure of its actual exchanges. It has often a vast demand for capital, for the wealth older communities have produced. There ought to be, there would be in an honest Utopia, more ease and freedom of the movement of capital westward and southward. The Utopian pioneer is hindered and thwarted by a scurvy creature who de-

vises laws to make the collection of debts difficult, and this scurvy creature is elected to office by citizens who do not realize that honesty is the only capital of a poor man or a poor people. If capital were as secure, known to be just as secure, in Texas, as in New York, it would not accept four per cent in New York and decline ten per cent in Texas. The evil pains the Texas legislator has taken to make it difficult to enforce the collection of debts has delayed the development of that vast empire for half a century; and it has cost this generation of Texans one-half the labor of their lives.

Mobilizing value in property has shared the fate of all new inventions of a social character. The boundless depths of dishonesty reached in Argentina and the Panama Canal, and other mobilizations, seemed to overwhelm almost the whole of Utopia. Our favorite word is *confidence;* it is a Utopian battle cry, a sign in which we conquer the earth and fill it with value. We shall advance more safely, probably, by imitating the man who loans to the neighbor he knows all about; and advance of this sort is made easy by the check and the share-certificate. If a new community can ascertain and mobilize its values of all kinds, then all existing wealth can be used to create new wealth; and the far off capitalist may be left to come seeking a share in the new resources. Honesty,—plain, homely honesty,—will give us all money in exact proportion to our possessions. This pair of inventions—the check and the share-certificate—are outgrowths of economic life, having all the power

dreamed into the soup-and-pancake ticket of the collectivist programme, with the immense advantage that they leave free and unchained the producing enterprise and competitive superiority which create Utopian abundance. This money of civilization is not moonshine; it is not made in a printing office; its glory is *not* that it can never be paid and retired. It is actually photographic of the debt and credit relations of citizens, and it cancels them as with the wand of a magician.

That values are to such an extent indefinitely ascertained, that estimates of the value of a house or farm may range from five thousand dollars to eight thousand, that "forced sale" may mean even less than five thousand, will be thought of as obstatcles to mobilization. Perhaps it is more reasonable to anticipate from mobilization a better definition of values. For example, some railway and bank properties fluctuate very little. Their management may be exceptionally honest and sound; or the property may be exceptionally well known. When men attempt to ascertain values by earning-power, ordinarily there is not much difficulty. And it would be a great advantage to know more definitely what implemental capitals are worth in exchange. Now, mobilizing the value of a house would organize an effort to ascertain its value.

The usefulness of extending mobilization of implemental capital in an honest world will not be questioned; but we may fear with good reason that the system might break down under an attempt to extend it in an immoral Utopia. It is probable

that we should be helped towards honesty by an increased demand for honesty. Industrial life has created in large measure the virtues it must have or perish. There can be no doubt, however, that the check system of creating money ought to be extended. Two things are needed: (1) an increase of sound banks; it ought to be impossible for a bank to fail; (2) an increased use of checks in the payment of wages, with a consequent use of banks by working men. A financial education of the workman is one large value of increasing the use of the check in this direction. It would do away with one of the largest uses of credit or bank money in the industrial organization.

The complete mobilization of property is not here advocated as safe and practicable in our present moral condition. It is suggested as an advance which better character may qualify the Utopians to make.

Many honest minds harbor the delusion that there is a malevolent "Money Power" in the world. There is no such thing; one might as well speak of a malevolent wheat power. Bankers have common interests just as wheat producers have, but neither bankers nor wheat farmers are leagued against the rest of mankind. Farmers compete with each other; so do bankers; the bankers far more closely and consciously than the farmers. Each class is interested in the prosperity of other classes. The bankers know this better than the farmers, for public adversity hits them hard and often ruins them

in a day. Bankers are commonly opposed to any kind of inflation. They would favor inflation if they believed it would make the people more prosperous; for their gains would be increased by greater prosperity. Bankers are serving the people in two useful ways: they take care of the people's funds, and they make loans. It is their duty to exact good security and to promote the circulation of good money and the retirement of poor money. In the larger sense their "power" is limited by the usefulness of their service.

CHAPTER VII.

LABOR AND WAGES IN UTOPIA.

I.

OUR philanthropic hostility to the economic man becomes most active and aggressive when workingmen's wages are the subject of meditation. These wrongs did not become a general grief until the worst of them had been redressed. In the thirteenth century the agricultural workman was still a slave, bound to the soil where he was born, and having no share in civil life. After he became a citizen, with all the immunities of a millionaire, and a voter whose ballot counts as much as that of an Astor; after his wages had risen so far as to give him a large measure of superfluity, and a free road was open to his abilities—up to fortune and social importance—in a world full of rich men who began life as workmen, society came to be accused of making this man a slave and of steadily pressing him down to degradation and starvation. No doubt can exist that the immoral man injures the workman; as little doubt that the economic man stands to the workman in no attitude of hostility or oppression. The workman has, indeed, all the motives of an economic man to push him upward by self-help; and his rise to the conditions of an elite workman, and then to that

of an employer, is a familiar and cheering sign of progress in Utopia.

Incapacity for perspective probably explains the use some kind-hearted people have made of the very valuable history of English wages by Professor J. E. Thorold Rogers. His facts—such of them as suit the purpose—are used to show that even in the thirteenth century, the English peasant workman was enjoying an enviable felicity. It is safe to say that on the Southern plantations, say in 1850, the black slave was immeasurably better off than the thirteenth century peasant, on the average. His life was more wholesome and his housing more comfortable.

This peasant had enough to eat; so had our southern slave. "His diet was coarse and during a great part of the year was unwholesome."* He lived in a squalid hut without chimney, window or floor. He and his lived and died in dirt, smoke and darkness. Loathsome diseases scourged him to the grave. His life was narrowed, more wretched, more filthy and more unhealthy than can be imagined. The much-vaunted period of high wages came in because nature, for their nastiness, had swept away into charcoal pits the greater part of the population of English villages. Professor J. E. Thorold Rogers says also after such details as the foregoing: "The poorest and meanest man had no absolute and insurmountable impediment put in his career, if he would seize his opportunity and make use of it." Nor has that kind of man—the

* Thorold Rogers's "Six Centuries of Work and Wages."

man who would seize his opportunity—any impediment, absolute and insurmountable in his way in these days of ours. We may drop the words "absolute and insurmountable," so open is the road before the man who seizes opportunities.

A writer, seeking a golden age of labor in mediaeval England, has discovered that a day's wages in the thirteenth century would buy eight pounds of beef, four dozen eggs or two chickens; or pay rent and fuel bill for nearly a whole month. Well, in some parts of rural America to-day, a day's wages will buy as many pounds of beef, dozens of eggs (in summer) or chickens. As for house rent, the people who own huts are not mean enough to ask a cent for them, and where the huts are wood costs nothing. But a lifetime of work in the thirteenth century would not buy the comforts and superfluities of a workman's house in the United States. The truth is, that the kind of plenty enjoyed by the old English farm hand—plenty to eat and much more of other things can be had for the seeking in forty at least of our states and territories. There is no other common factor but plain food in abundance. And yet, for good reasons, our regions of abundant cheap food present no attractions to the workman in towns; or, perhaps it is more accurate to say that they present no attractions to his wife. She could not, anywhere in our rural districts, be so miserable and burdened as she would be could she be sent back six centuries into rural England; but she sees no charms in rural America. The value for history of Prof. J. E. Thorold Rogers's

facts and studies is immense; but philanthropists cannot fairly compare these statistics with any facts about labor in our province of Utopia. We cannot strip off superfluity from our American laborer.

II.

The economic laws, regulating wages, like other laws of production, have to be checked by laws of consumption. Supply and demand are final forms into which regulative principles cast whatever comes to a market, and consumption enters as a powerful factor into the creation of supply and the terms of supply; into demand and the terms of demand. For these and other reasons, all theories of wages are defective. The supply of labor and of employing capital—the wage fund theory—must be interpreted, not by a statistic of population and of free capital only; for the possible supply of labor may be reduced, and is actually reduced, by the refusal of workmen to accept the wages of demand; and demand may have more to offer than the aggregate of savings, when labor is able to wait for wages until a product is marketed. The whole theory swings on a hinge—the necessity of paying wages before product is sold. So far as this regulative force, supply of capital, is concerned, we might enlarge indefinitely the demand, if there were a market waiting for products and if workmen could wait for returns from the market.

The "iron-law of wages"—that wages tend to a point just on the hither side of starvation—is based on an assumption that a tendency always reaches

its goal. There is a tendency towards zero in all prices; but they very seldom get to zero, because there are also tendencies to raise prices indefinitely. In moments of despair the man whose goods are falling thinks they will go to zero. The man whose goods are rising, fears to sell lest he may lose a fortune. The "iron-law of wages" expresses a natural but unreasonable fear. The theory that wages are fixed by the workman's style of living, depends upon two other things, status or custom and the will of the workman. The three things co-operate with two others,—the thrift of the workman and labor organizations. Somewhere in this group of causes will be found the regulating force at work upon wages.

It is an old doctrine that custom is not economic, but rather an obstacle in the path of the economic man. As we have tried to show elsewhere* in this essay, custom is always a base line of prices. The market to-day starts from yesterday's closing prices; and whenever production has reached a halting place in progress, a species of arbitrary or trust price take the place of competitive price, which exists by the grace of invention. Status or custom, the yesterday of wages, has all the power of prescriptive rights. The "legitimate" in government, the power of the idea over a people, is a close analogy of status in wages: because, in both cases, not things but men are concerned. Revolution in wages would be impossible—we should see that even from the wage-fund theory, for capital and

* See Chapter III.

men both grow slowly—and the power of custom is buttressed in this case by the will of the workman and by the influence of his trade union. The style of living to which the workman is accustomed is what he will struggle to maintain and what his fellow-consumers desire him to maintain, and what producers are really interested in his maintaining. Of course, all this applies only to keeping the purchasing power of status wages. Experience shows that seasons come now and then when higher wages will be paid in order to fill up a hungry market; and the new "status" will be fought for. Under pressure, much may depend upon the thrift of workmen. Men who really *must* do things are an uneconomic element. Every workman can and should be able to stop work for a time. Strikes show us that the employed men are able to forego immense sums in possible wages. They could easily be more independent than they are. "Living wages" are a practical certainty in our province of Utopia; and actual wages are certain to rise through reduced cost of what the laborer consumes.

The personal and social value of the workman is deeply implicated in the conspiring tendencies which fix his wages. We incline strongly to the belief that a pervasive social influence tends to give men what they can productively consume—what they can convert into products and into character. Workmen who are unthrifty or debauched in character drag themselves and their fellows down as certainly as clergymen do when they have that

kind of character. No employer can feel strongly moved to pour his money through the hands of a workman into a saloon. The unproductive consumption of a workman has no righteous claims. His productive consumption—of whatever makes him a better workman and a better man—is protected by the guardian angels of a vast public opinion.

The belief that there is a large body of unemployed is not well founded. The theory that men are born workmen and spend their lives as workmen is not quite true anywhere. The English, French, Belgian and German manufacturers have often risen from the ranks, and it is almost the rule in this country. The large industries undergo a considerable change in workmen every five years; perhaps twenty per cent of the men in that period will be new men. After a few years many go into some small business of their own, and a few become officers of industrial companies. Every great strike detaches a number of men from an industry; and when the strike occurs, the vanquished of the previous strike come in as non-union men taking the places of the strikers. The farms produce sturdy and intelligent young men who are willing to enter the industries easily mastered. Many men doing fairly well embrace the opportunity to do better afforded by the strike. The partially employed and those who prefer a better employment, are very numerous. The number who are absolutely unemployed cannot be very great at any time. If it is half as great as it is popularly estimated to be,

then the American workman must be a very thrifty person or his power of living upon air and water is without precedent or parallel.

III.

To the American economist, Henry C. Carey, the world is indebted for its knowledge of the most beneficial principle of the science—the law that capital gets less and labor more as the world grows older. The popular belief is that the reverse always happens. Capital is a ball of snow, we are told, always growing larger as it rolls. That is fortunately true as to the total capital of Utopia; and because it is always more, it must always take less for its services. And it is also subject to wastes, to the competition of cheaper machines and to the friction of mistakes by individual capitalists. Abundant capital means cheap capital. A familiar proof is that all over this country, states and municipalities from time to time renew their loans at a lower rate of interest. Less than six per cent was almost unknown in this country before 1870. The Federal government paid six per cent or more upon its borrowings. In 1894, it borrowed at a trifle less than three per cent. Railroads, towns, school boards, pay from three to four per cent east of the Mississippi. Real estate loans are made in eastern cities at four per cent, and this rate is gradually working its way westward. In 1875 ten per cent was the rule in Chicago; it is now six with a tendency downwards. Further west the rate is higher, but it has fallen from a still higher rate and is still

falling. Such familiar facts show a loss of power in capital held for loan. In half a century, this decline has been in the United States nearly one-half. The power of capital loaned affects the power of capital in industry and in business. Taking all capital together, it is a moderate statement that its earning power has decreased one-third in a quarter of a century. The reduction has gone on so fast as to have become a danger. There is a point below which it would cease to be produced; and abundant capital constantly going to supply wastes and to build the new which invention plans, is a prime factor in all other Utopian abundance. Happily for us, there has been enough thus far to keep up a steady fall in the wages paid to capital in rent and interest.

It is just as plain a fact that wages of workmen have increased in the last twenty-five years. Wages have increased in both modes of computation. The workman gets more in terms of money and the money will buy more. Nominal wages have risen at least one-fourth and real wages have more than doubled—that is to say, the dollar of wages has grown to one dollar and a fourth, and this sum will buy on the average as much as two dollars would have bought in 1870. This is a very moderate estimate. Men who complain of the fall of prices ought not to overlook the increased power of the workman's dollar; but they do overlook it. The workman does not realize his gain because he has enlarged his demand for superfluities to such an extent that he is a great deal "poorer" than he was in 1870.

Poor and its comparatives are subjective terms in Utopia. They refer to states of feeling.

The beneficence of the rule that the machine shall always decline and the man always grow, is to unhappy Utopians as a red rag to a bull. They fill our ears with complaints that machinery is destroying manhood, and capital reducing workmen to the condition of serfs. Candid observers see that the reverse is the economic law and the experienced fact. Dismiss the gains of the man who made the machine, and note that as soon as its better method stocks a market this machine loses power. Presently another machine will surpass it and all its power will vanish. The wages of men oscillate more or less, but the man is a constant value and is always growing.

This is a good place to say a few words about the mental dulness produced by machinery. Those who believe this should attend a few labor meetings and take note of the brightness and vivacity of speakers and hearers. In point of fact machinery requires and developes a higher mental and moral character. It would be unsafe to fill a mill with red Indians or with the typical agricultural peasants of fifty years ago; they would ruin the machinery, perhaps maim or kill themselves. The intelligence and information possessed by workmen is so apparent on all sides, in all pursuits, that Utopians cannot escape seeing it. There is besides a distinctly modern demand for moral qualities of the noblest type. A switchman's fidelity is implicitly trusted with a million lives a year; and the case is

far from being extraordinary. All through the mills the same kind of fidelity is demanded and developed. Recently, in a roller mill, a lad was caught by a bar of blazing iron which wrapped itself around him in a moment. The accident was due to a bit of negligence, to a nap taken by caution, and the like would happen every hour if the special moral education of the "rollers" were not of a high order.

It is commonly said that no man would hire men if he could not make a profit on their labor. This is the foundation of the Karl Marx-theory that capital robs labor of a portion of its earnings. The theory is respectable in its origin, orthodox economists having laid the foundation for it in their earlier and defective analysis of production. We owe to another American economist, Dr. Francis A. Walker, the most important step in a better analysis. It is not capital which employs labor; the manager (entrepreneur) employs both. The problem of this man of enterprise, this chief of industry, is not how to make something at the expense of capital and something more at the expense of labor; but how to combine both (paying them full wages) so as to make a profit out of the combination. He does not depress the wages of either; rather by employing them, taking up a part of the supply of each, he enhances their value in the market. This chief of industry is one of the great forces producing abundance. He is practically as modern as the steam engine. Shakespeare was not more certainly a genius. He has not only to combine capital and labor; he has also to buy his ma-

terials and sell his goods. The undertaking is full of risk; unless the chief has special gifts, the enterprise will fail. Many men attempt it and fail. It is not meant of course that every manufacturer is a genius; but in every group of mills devoted to the same goods, the inventive genius of one man may be imitated. In most cases the chief has behind him at first some invention which affords for a brief time large profits. This has been discussed in Chapter IV.

If it were true that the chief of industry must make profits out of labor, we could not exist long in Utopia. A mere process of taking from one and giving to another will not produce abundance. The secret of our riches is that the chief makes a distinct addition to wealth by his combinations. There is *more* in existence and he has created that *more*. That workmen begin to understand this increment is well shown by the following: A wealthy gentleman in one of the manufacturing towns of England, wishing to have collectivism tested, proposed to a trades-union to turn over to it a fully-equipped mill and to add thereto a working capital; all free of any charges of rent or interest. The order was not accepted. The trades-union knew something not known by Karl Marx, —that the success of a mill depends upon a force outside of capital. A good manager would have taken the mill and paid both rent and interest, and made a profit. Doubtless some less wise union would have accepted the very generous offer and lost part of their wages by the transaction.

IV.

"Our necessities make us the slaves of rich employers." This complaint is made for workmen every hour of the day. No part of the chorus of discontent is more doleful. Nothing is more false. To begin with, it is not necessity which compels, but the habit of superfluity. No fault is here found with that habit; but it is important to distinguish between absolute primary wants and the acquired wants of the Utopian world in which we live. Then, think of real slavery and this imaginary bondage; put them side by side. This man is a citizen, the equal of his employer as a voter, juryman, or office-holder *in posse*. He has a family, a home, and full personal control of his goings and comings. And he has much more yet that a real slave has not. The compulsion to which he refers is common to all men in a state of Utopia, that is to say of liberty and superfluity.

Much has been written in praise of the independence of the farmers—not much of it by farmers. But yet no one suspects that the owner of a farm is a slave. Still he is bound to it, and toils daily upon it under stress of a sense of necessity. The owner of the mill (full of these peculiarly wretched slaves) will tell you that he is working hard because he *must*. No matter what the envied people are doing, they will all be found under the control of just such a *must*. This *must* is purely psychological—a mental reaction of the desire of superfluity. Many a man has held a place which

was as the breath of his nostrils. He would have said at any time: "I must keep it; I depend upon it; it is my life." And yet he has lost it and gone on living, often more happily.

The sense of dependence upon some one job, whether in a mill or in an office, is natural to men loaded down with a desire of superfluity; none feel it more keenly than office-holders. But it does not make the man a slave except in such sense as he may be a slave of his habits and of the habits of his family. This particular falsehood was invented by French socialists a good while ago; and it is discreditable to American workmen that some of them are found to degrade themselves by repeating the falsehood.

The feeling of necessity is an unavoidable one in Utopia. We all feel it; suffer from it; and some of us work ourselves to death under the load of it. Workmen are less plagued than clerks, senators, and "bosses." That one man should work for and under the direction of another man—this seems to some to be of the essence of servitude. That is another piece of Utopian psychology. Only a thinker stuffed full of superfluity could have reached such a conclusion. From the beginning, men have served under such leaders as Moses, Alexander, Napoleon, and Grant; and they have been proud of such service. In industrial life no progress is possible without service. Each man might have his own "dug-out," but a ship and its possibilities require many men following the orders of one man. We could not in the most intensely

socialistic world have mills owned by the state unless some men directed the work and other men executed their orders—exactly as they do now. Superfluity in Utopia requires that many men shall serve under a few men; and the further we advance into Utopia, the more thoroughly will this system be elaborated. It is one of the choice secrets of this new Land that concentration, leadership, and subordination produce abundance.

An important element in the case is that the *hardship* of subordination decreases as organization advances. One hired man on a farm may suffer as much real humiliation as a man under the authority of another man. One woman in a house as a hired girl may endure more agonies than a slave. On the other hand, place a thousand men in a single mill, and the sense of hardship will, as a rule, disappear. The company is not there—it consists of a thousand stockholders. All in that mill are alike servants with assigned tasks. Further, the men now have definite work, each of his own kind; and no direction, interference, or dictation is necessary or possible, except within the limits set by the business itself. The truth is that the hardship of service may be considerable under employers using few workmen; it is very small in large mills as a rule; there are exceptions, and some great strikes were due to the exceptions. The general rule is that the best employer (in moral aspects) the world has seen is an American stockholder—and he or she is meant when we say "big corporation." Plain proof is this: Any man, any

woman will prefer this stockholder to the average private boss. Yet, though the actual hardship in corporate service is light, the psychological hardship tends to increase. It is characteristic of Utopians to develop as much as possible the pains of the imagination.

The man who can imagine himself a slave when he is as free as Utopia can make him, is also capable of inventing a deep sense of hardship out of the mere circumstance that he is not the owner of the whole mill. And if one man owns the mill, he is unhappy because he owns only one. With this lump in his throat, any Utopian workman can fancy that his manhood is degraded by service.

It is doubtless a misfortune that our workmen cannot fix their own wages. But it should be noted that they are not fixed by the caprice of any employer. A notable thing in Utopia is the wage scale arranged for a hundred mills or mines, spread perhaps over a half dozen states. It is folly to claim that combination of this sort depresses wages. Every workman knows that it raises them. If each employer were left to himself, he would be tempted to cut wages to secure his profits, and he might yield to the temptation and partially succeed. Isolate his business and nothing but apparent supply and demand will influence him. The combination relieves him of any necessity of protecting himself against cheaper labor in the other mill or mills. When the mill owner goes into the combination in regard to wages, he surrenders his private right to cut wages, and this surrender is

invaluable to the workman. To be sure this is not the way we look at it in Utopia. Our motto: "the maximum of unhappiness" inspires our imaginations. So inspired, we see the combination pressing the life out of workmen to produce "profits which are stained with blood." After a rhetorical outburst of this kind, the Utopian orator actually experiences a reaction into joy, so acute is his sense of grief.

V.

Experience shows us good and evil in labor organizations; and the lines between the good and evil are gradually coming out into the light. A line of distinction runs between the unions of trades on the one hand and the larger unions on the other. The value of trades unions is hardly questioned anywhere except in the councils of the larger and more ambitious organizations. The antagonism here is strong and growing. Trades unions are reluctant to come under the control of Federations embracing the skilled and the unskilled laborers, liable to be controlled by men with political ambitions, and in critical moments led astray by the untrained and thoughtless, but strenuous and enthusiastic members. The interests grouped in comprehensive unions are not in any sense common interests. A good workman is under no obligation to damage himself to aid if he could aid a distant and unskilled man whose grievance cannot be measured a thousand miles from the scene of the trouble.

Local unions are clothed properly enough with the right to decide that they have a grievance; but distant unions ought not to accept that decision and act upon it. Local self-government governs always at home. The principle which extends it to control other localities is a vicious one. It may be said that every other union decides on each case, but it decides on a case with unknown factors; and the decision is forced by the feeling that "we ought to stand by each other." Further, the trades unions are virtually weakened by subordination; and this appears when men say: "*We* have no grievances:" they part with the moral supports of their local union. It must be apparent that labor organization has furnished a rich field for exploitation by ability. Millions of dollars, millions of votes are prizes attractive to men who desire to control the actions of their fellow citizens. Besides, the successful leader becomes a famous public character. He rides over the land luxuriously on passes or at the expense of the workmen. He receives a salary two or three times larger than he can earn as a workman. He is consulted by political magnates, and in seasons of political excitement he has the pleasing consciousness of power and opportunities of a sinister sort which may not be refused in every case. No other such field for advancement has been open during the last score of years. Political preferment pales in attractiveness in the presence of this new career: the labor-leader may hope to make and unmake Presidents, Senators and Governors. It does not follow that this brilliant hope

has been fully realized: no human hope is ever fully realized. Several leaders have seemed on the eve of apotheosis: many have grown immensely in influence, and a few have gathered in a competence. Much more might be achieved by larger abilities. Labor leaders, like other men, are liable to estimate their gifts too highly; and it would be remarkable if any man had been able to harvest the full crop of this unique invention.

The attractiveness of the reward has brought many rivals into the field, and the crop must be divided hereafter among many harvesters. The successful man, with rare exceptions, must hold his success by reducing his ranks to secure a majority friendly to himself, or recruit incessantly with uncertain consequences. A rival may come in from any corner of the land. One inevitable result of rivalry is conflict between rival unions and rival leaders in the same unions. The dream was a beautiful one for ambitious souls; but it cannot be made over into reality. The gathering in of millions of men having diverse and conflicting interests, and the marshaling of these freemen into a military order in which each moves or halts at a signal, is simply impossible. Experience proves that the majority, the very large majority, of workmen are in any critical time outside of the unions. At some time in their lives half of those who are now non-union men were in the unions. There is a dispersive as well as a collective force in the field. Some man, both balanced and brilliant, *may* achieve a larger victory than any yet recorded;

but such a victory is not probable and it could not last.

The eternal obstruction in the path of the labor-leader is *not* capital; that is in no sense ever an obstruction. Capital has no fight in it and would be easily whipped if it were aggressive. The chief of industry, the other leader, often outgenerals the labor chief. It is brain against brain; and the best brain is apt to be at the head of the manufacturing company. Labor would gain points more frequently if, instead of talking of capital and capitalism, it employed some term descriptive of the actual force in the other camp. Neither have capitalists as such any fight in them. The fighter is apt to be just another workman called a manager, sometimes a mere stripling who has a whole future at stake upon winning his fight. It is man against man, strategist against strategist. The real obstacle is not, however, the manager. He may be downed; often he does go under. The real obstacle is the consumer. This curious person seems to be less understood than any other citizen of Utopia. His power is altogether ignored, even by some economists. His ways are, to some Utopians, past finding out. He is everybody—Monsieur Tout-le-Monde—and yet everybody is at fault in estimating him and reckoning with him. Labor-leaders habitually ignore his existence at the wrong moment, and remember it at the wrong moment. The wild dream of a comprehensive Labor-Trust is shattered against the defensive armor of the consumer. It is not strange

that this person is a stranger. Ask him for advice. He will reply: "You are right, workmen. Strike and I will stand by you. Stop every wheel and I will stand by you. Down with capital and up with the horny hand. Here I am at your back, and I am Mr. Everybody." Put it in that way. Assure to a strike the professed sympathy of the public. Ignore all the people who are silent and thoughtful in their silence. And yet, at the critical moment, Mr. Consumer will do nothing for labor.

Pick out any enthusiastic friend of labor and watch him during and after a strike. What is the effect of the strike? A rise in prices, if goods are inadequate to the demand; otherwise the strike is a help to the mills. Either way the mills profit. The less commands the profit of the possible more, the pause allows consumption to catch up. What *can* your enthusiastic consumer do? If he does not buy at all, he only decreases the chance that labor will get that which it demands; for so much as he does not buy remains to burden the market. If he buys, he will buy less in proportion to the higher price. He has only so much money to put into shoes. If he spends his money buying more, he will to that extent aid the strike. It will not occur to him to do that. He says: "There is blood on your goods. I will not patronize bloody men." He exhorts others to refrain from purchasing. The non-enthusiast, or the man who cools off as soon as he sees something he wants, pays no attention to the situation, except to reduce his purchases when

prices rise. And so it comes to pass that the mills can take a rest.

If the situation is fairly described, we shall find in most cases of closely competing industries, that a strike has raised the question of increased cost to the consumer. This delightful man, this master in all industry, will profess aloud his willingness to pay more. "Raise the price; let the men live." He will not *pay more and buy the same amount.* He does not know that he will not; as a rule, he does not know, but Mr. Statistics knows him better than he knows himself: and Mr. Statistics calmly proves that whenever the price goes up, a less amount is purchased by consumers. If wages are to be advanced by advancing prices, the unavoidable consequence to be faced is *less work;* and with less work comes the well-known strain of an excess of labor seeking a market.

In one kind of emergency the consumer *seems* to be able to aid one class of workmen at the expense of another. In a case of boycott he may say virtually to the non-union workman: "Join a union or I will choke the life out of you." This power looks like a formidable one. The customer seems to be able to compel men to join unions. He may confine his patronage to goods bearing union labels. If he does this, he will have to pay more for union goods —we are assuming that large lines are concerned — because at first there will be a shortage; and thus more will have to be paid while cheaper non-union goods are in the market. There are "wholly sanctified" people who will do this, but

not many. The consumer *can* but *will not* support a boycott. And it is very clear that he ought not. What he really does is a vile thing, as vile as sweating. He says to a free and decent workman: "I require you on pain of starvation to join a labor union." Bosses have sometimes done this thing for the sake of peace with a union; and the shameful thing has not been proclaimed from the housetops. When a boss has done the equally shameful thing and required men to withdraw from unions, the world has rung with the tale of shame.

The consumer is lord over all in the realm of industry. He is seldom so saintly or so foolish as to buy in the dearer market; he never fails to buy more when price falls or to buy less when price rises. At any moment, the living issue, however we may ignore it in Utopia, is how to increase consumption. The big mills want more consumption; all Utopian hearts want more. Any device of a labor-leader, which gets in the path of this common interest, puts its author in the path of a cyclone. All the human nature concerned is in a secret league against him, and workmen themselves have a great deal of human nature in them. The comprehensive unions must fail, however, for other reasons. Class organization in political affairs is just as hateful in workmen as in lords, and the strong tendencies of an industrial civilization are away from distinctions of class and mass. The comprehensive labor union is headed more definitely every day toward politics. A political victory would ruin the big union and it could not long survive defeat. The counter-com-

bination would make victory ruinous, if the simple check given to industry did not decrease the demand for labor to such an extent as to inflict untold suffering upon workmen. There is no possibility of marshalling even a third of the workmen in a political labor army.

VI.

The unions of distinct trades or callings have done a great work. To a large extent they have promoted efficiency in workmen, though the influence of the blanket organizations has more recently arrested this good work. The desire to have many members has led to neglect of the important matter of quality. The shadow of the all-embracing Labor Trust has fallen over the true unions and checked their better growths. In face of their employers, these unions have been as a rule strong enough to guard every right; and they have failed only where their wiser heads knew that failure was safer than victory. Thousands of difficult situations have been smoothed, thousands of cases of strained relations have been harmoniously adjusted by wise and experienced leaders, most of whom never ordered a strike or entered upon one without reluctance. If the case rested with expert workmen, there would be no strikes, because conservative leaders would command full confidence. The danger lies in the inexpert or unfit workman on one side and the unfit manager on the other. The unfit manager is rare, but he was in evidence during the most noted strike of 1894. The inexpert workman

is a larger quantity year by year; for the effect of machinery is to reduce the length of time required for training and to narrow the discipline of mind which is also a discipline of character. The success of such unions as the Railway Engineers is full of instruction. The head of the order learned his business, partly through errors of serious importance; largely by long application to the delicate tasks of his office. He and his associates have secured perfectly the rights of their men and secured for the order the distinction of being the finest organization of the kind in the world. They settle disputes every month in the year, any one of which might lead to a strike under rash management. They command the confidence of railway officers, and a real grievance is almost certain to be redressed.

It should not be forgotten that in large industries, the actual employers are only another group of employed men. The managing group are American citizens, not Russian autocrats, and they have no personal interest in the denial of rights to the other groups of employed men. Their relations are pleasant, their confidence in each other is usually very marked. Under a terrible strain from unprofitable business, the railway companies have not suffered from strikes except through collateral interests, such as the coal troubles of 1894, or through the meddlesomeness of labor statesmen. One apparent exception is the switchmen's strikes; but this is the case of an untrained workman—learning his trade in a month—whom no leaders

can control. His functions are so critically important that the companies might well pay double wages, if by such payment the moral sobriety of the position could be amply secured. It looks like a good place for the inventor to do a great work for human safety in travel.

The security of the workman must come through thrift; he must be able to stop work at will.* He will secure at once his wages and his character by keeping ahead of the world. It is pure wickedness to tell him that he cannot. And this brings us to the plague spot of industry. Sweating is a crime with a criminal on each side of it; oppressor and victim are both in a wrong way. When a human being has come to the habit of accepting a starved and unwholesome life as the condition of living at all, the coming to that point has been by some path of degradation. We shall never accord our full consent to the doctrine that society is to blame wholly and the victim not at all. We confound things unlike in such judgments. The duty of society to help men up does not depend upon anything about how they got down. Being down, they must be raised up. But we shall go the wrong way about raising them up if we judge rashly that the evil is altogether outside of them. Our work of uplifting must be done within them. It is not

*The loss of labor by a strike seems very large as it is commonly presented in reports. But if this loss be compared with the total labor of all kinds in country it becomes insignificant. The days lost by strikes in our worst year, 1894, do not amount to a half holiday for the entire laboring population. A French writer estimates the loss in France by the strikes of 1893 at less than one fifth of a day for all workmen. (See *Revue de Paris*, Aug. 15,. 1895, pp. 879-887.) And yet there were 634 strikes involving 170,000 workmen, who lost in the aggregate 2,000,000 days of work and wages.

meant that a tract and a prayer are the first doses to be administered; the supply of primary wants comes first; and neither tract nor prayer may fit the case. To help sweated people out of the clutches of sweaters, and to help them to keep out of such base service, these look simple enough tasks.* They are really very delicate, arduous, dubious undertakings. And as a rule they cannot succeed with any man until the entire character is purged of degradation. All legislation will fail in these gloomy regions. All far-off social givings of whatever kind will fail. The elevating force must get under character, whatever lever be employed, and the result of any effort may be only a half success. A degraded civilized man is too abnormal a creature to be recovered by corn songs, dress parades, charity balls and tract distribution.

There are many persons, most of them women, on the edge of this abyss of degradation, whose rescue is comparatively easy. They are not criminals, only unfortunate. To take a perfectly innocent case, picture a woman suddenly widowed, with helpless children clinging to her skirts. In Utopia moralized, perfectly industrialized, such a woman could not exist. Forethought guided by a sense of duty as stern as Mount Sinai would have made her self-supporting with the dignity and the decencies

*Sweating like everything else in Utopia, is exaggerated by the imagination. The recent immigration of Russian Jews into East London has led to a complaint that these people were victimized by the sweaters. But Mr. Geoffry Drage, in the *Fortnightly Review* for January, 1895, asserts on excellent authority that the Jewish employers of these immigrants have introduced new trades and are able to pay fair wages. He says: "The secret of their success lies in the word *organization*; it has nothing to do with starvation wages."

of plain and frugal living. In our atmosphere this woman is as natural a phenomenon as sunset. We must rescue her by thoughtful charity aiming to make her self-supporting. The poor creature, in her destitution and ignorance, has no light to guide her to security. She clutches the first plank in the sea into which she has been tossed. The plank will keep her and her little ones alive. In her range of vision there is nothing else. Eyes that see farther must be used to get her, not on board a first-class steamship, but into some safe little life-boat. A great deal of this work of guiding kindness is done every year. The need of it will last until industrial roads to safe living are mapped out so plainly that none need miss their way in Utopia.

VII.

In our industrial democracy, there cannot be a dead-level of equality; that would be as unnatural as a forest in which all of the trees would be of the same size. There are natural inequalities among workmen, and observers see that what may be called an *elite* of labor always exists. Labor agitations and plans for doing away with strikes, have disclosed this *elite*, and its temper is decidedly what a demagogue would call "capitalistic." It does not care to take "pot-luck" with untrained workmen or to depend for its livelihood upon the decisions of the untrained. It disdains class party enrollment, and it economizes in living and builds up small fortunes. The mill-boss was once a mill-

hand: the manager of a factory has received smaller wages than any he pays. All through industrial enterprises, the men at the top were once at the bottom. They are not ashamed of their origin, proud of it rather, nor does the *elite* workman despise the earner of small wages; what he despises is the untrained and worthless character, at least he makes no pretense of loving it, and he has no blood to spill to secure it "rights" which do not exist. If there were no other conservative force the *elite* workmen would in time veto the folly of strikes. This kind of workman has expressed himself with much freedom of late, and he will speak still more freely if there be need. What may be called the military strike must go.

A class of employers are in the habit of feeling that the union leaders are altogether unreasonable; but in point of fact a reasonable employer usually has a reasonable body of men when there are no soaring ambitions to be gratified by making trouble; when unions are only labor unions, there is no just cause for bitter disagreements. The mill manager has no more reason for fighting down wages than he has for fighting down interest. As to each of the two factors, a decent manager is content to pay what others pay for like services. The interest and wages are fixed and common elements; he must make profits, if he make profits, by combining these elements more advantageously than his competitors. To steal from wages is foolish because his rivals are likely to do it also and thus to attain his level of meanness. It is a common in-

terest of producers that wages be uniform, steady, and satisfactory to the workmen. A producer who wants low wages for a special personal gain over a competitor, is not fit for Utopia. Self-respecting and thrifty workmen will not be obliged to accept his rate of wages; self-respecting rivals will not imitate his bad example. In short many interests and tendencies conspire to secure status in wages. It would be found, too, that there are seasons when a rise in wages in any reasonable case, may come as gently as a summer shower. It is really a very common occurrence; but newspapers are reporters of disease, not of sound health, and upward movements in wages are often too little observed.

It sometimes happens that wages are reduced righteously.* For example, a World's Fair has created a sudden and large demand for railway coaches: car-builders, to attract labor, raise wages. They are never criticised for so doing, though this proceeding is quite open to criticism. It attracts men out of secure employment to temporary jobs, and when the cost of twice transferring themselves and their families is reckoned in the account, there is not even a temporary gain. The workman sees the increased pay, but he does not see the necessarily limited duration of it. When the stress of a special demand is past, there is less demand than existed before the rise in wages. The railways, while equipping themselves for a special occasion

*A disturbed state of industry from July, 1893, to this date, (July, 1894) has given us starvation wages for Capital and reduced wages for Labor. The cheapening of commodities has more than balanced the cheapening of labor.

have secured equipments for years in advance. Wages must fall to the old level—that is simple reasonableness. It will not be a strange thing if they fall below that level; that would be the effect of the situation in car-building, were not that effect checked by moral influences associated with the idea of status. In other cases new conditions make it reasonable that wages be adjusted to meet part way the increased value of nominal wages.

VIII.

The military strike, in which workmen take possession of the property of their employers, is the most remarkable Labor phenomenon of Utopia. The toleration of it for a score of years is due chiefly to the recognition of its legitimacy by the employers themselves. The employers concerned have recognized the right of strikers to go all lengths in preventing the operations of mills and railways by non-union men. The mode of recognition has been to "forgive and forget" as soon as the union declared the strike off and to go on as though nothing had happened. For years men did not lose their places by maiming non-union men and destroying property. The only other person who enjoyed analogous rights was the college student; and the striker and the student ran a riotous career. The student could kidnap and torture another student; could wreck property all through a college town; could organize and fight down the police; and could do many other things for which other young men would be dealt with under the

criminal laws. The suppression of the riotous student began first, though it is not yet complete. It was not until 1892 that any general disposition to suppress riotous strikers began to be manifested. Legislatures had strengthened disorder by anti-Pinkerton laws.* The Governors of states had been reluctant to use the militia to protect property. Since 1892, employers have in conspicuous instances refused to re-employ men who had first resigned and then mobbed the property which they knew just how to damage, property which policeman and soldiers did not know how to protect. The change of policy in college faculties and employing companies will gradually relieve society of the burden of privileged criminal classes. Certain so-called rights of Labor are only privileges of exemption from legal and moral penalties for acts which are criminal when other people commit them. Some lessons about the violent strike may be summarized rapidly:

(1) Strikers' mobs are exactly like other mobs and must be suppressed by force. (2) There are no innocent persons in a mob. (3) All the disorderly elements in a city rally to the support of a labor mob. (4) Men who have discharged themselves from an employment have no right to organize raids upon the property of their late employers. (5) They are *in or out:* if *in* they are morally bound to perform their duties; if *out* they have no

*It may be inexpedient at times to allow A to hire B to defend his property, but the right to do so is not only a right, it is an economy of life and money. Of course it is ideally best that the State protect; but what of emergency arising when the State is not present with any force?

rights in or over that employment. (6) A man who resigns forfeits any claim to arbitration; he should call for arbitration and go on filling his place while that question is pending. (7) The non-union man is "also one of God's creatures," a man and a brother. (8) Sympathy with mobs never did anyone a service; it has to be paid for in blood, in taxes, in new mobs. (9) The striker vacates a place; it is no crime to take that place. (10) Calling American workmen "scabs" is like calling Franklin and Washington traitors; it hurts most those who use the word. (11) Highways cannot be obstructed rightfully, nor can common-carriers select what cars or goods they will transport. (12) The meanest employer on earth is the kind of man to refuse to work for; but he has all the civil rights of other persons, within the law; and gets the best of it when better people go outside of the law or against the law "to get even." (13) The public cannot know the rights and wrongs of a labor controversy, any more than it can take the place of a jury in a trial; the public has its own business to attend to, but it can insist that order shall be maintained. (14) The courts are open to both parties for the redress of grievances; if there is no case to take into court, there is probably no case for the public to stop work and consider.

The action of the railways in 1894 refusing to re-employ strikers, is the most salutary influence now at work in labor conflicts.* It tends to peace;

* The moral offence in any case of striking is not quitting work and persuading others to quit work. The liberty to strike and to organize strikes ought not to be denied to wage earners. The offensive thing in the

and the general adoption of this policy will have the same effect as expelling students for hazing has had on college life. It is pleasant to read the testimony of labor-leaders against strikes. It is not so pleasant to know that they seek to obtain in some way the power to settle all controversies by their own edicts in favor of workmen. For there will continue to be two parties to a bargain as long as civilization lasts; and coercion by neither party will be effectual. The theory of a power to stop every wheel because some employer has not behaved properly—to stop the world's business until John Smith and his men agree—could have originated only in the brain of a dipsomaniac, and needs no discussion. But an assumption of right to starve a people into coercing a railway company, has been claimed by men more or less sober; and the monstrous nature of the claim will not prevent the pressing of it upon the imaginative enthusiasm of excited workmen. And, in this region of coercion politics, the case of a satisfied majority of union men rushed into a strike by the passion of a minority — usually the unthrifty and least moral part of the membership—must come more and more into the light. In 1894, the sober and thoughtful majority resisted the madness of the ambitious few at Chicago, and thus brought in full view the desperate struggle for power and primacy

case referred to in the text was interfering with the moving of trains and damaging property. It is believed that a large majority of the strikers were taken back after the strike of 1894. The relatively few not re-employed are believed to have interfered with the work of others and to have damaged railroad property. The statement so freely made by philanthropists that the strikers did nothing of the kind is "a pious fraud" which can only encourage strikers to engage in acts of violence in future strikes to their own hurt.

in power of the ill-balanced and reckless labor kings. This conflict between the sober and the drunken is going on continually. Every conservative labor-leader is under a hot fire; some have fallen, others are marked for retirement. But the success of the crack-brained demagogue must mean —as it meant in 1894—ruin for those who follow him; and a reaction to the safe and wholesome ways of the older trades-unions cannot be arrested.

IX.

A dispassionate discussion of arbitration in labor controversies must take into account the partisan environment. Party managers believe that the elections of 1888 turned upon a printers' strike in New York, and that of 1892 upon a steel mill strike in Pittsburgh; and the elections of 1894 were powerfully influenced by the coal miners' and railway employees' strikes extending over many states. The value of a labor controversy to a political party out of office may be very high. It need not be riotous to influence votes. The labor vote is a pawn which party managers keenly desire to play. There is, therefore, a stimulant of strikes outside of the sphere of trouble.

What is called compulsory arbitration would not remove this cause, but rather give it a well-defined basis for building upon. A non-partisan commission is only a bi-partisan one with a majority in one party. The majority report of a legislative or Congressional committee is already among our least admirable political instruments; and the

reports of arbitration commissions would have in a case of popular interest and voting value, the same general character. Between a court with defined procedure and rights of appeal, on one side, and voluntary arbitration on the other, there is no room for any new judicial institution. If a new one be planted upon the field of labor, it will be found that the new institution is a court whose judgments can be neither swift nor final. The proceeding will be too slow to meet the needs of the case, and it will pass by some writ into the control of the regular courts; and these are now open for any inquiry required to maintain a constitutional right. The legislators who are fumbling over arbitration laws know all this; they are skirmishing for position before the labor vote.

Compulsory arbitration, whether by force of public opinion or of law, is practically absurd when it concerns wages. One might as well compel arbitration of the price of sugar, meat or grain. There are people anxious to have all prices fixed by some kind of a People's trust, but most of us see the folly of asking a president to pay a butcher a price for a horse in excess of the sum the president is willing to pay. Many excellent persons tell us that they want these questions settled and out of the way. They are thinking of the riotous strike; and that can be settled in one way only. In that one way we have since 1877 settled swiftly every riotous strike just as soon as we applied the constitutional remedy. When men engage in violent, unlawful acts, force must be employed to put a stop

to violence. They will not engage in such acts when they clearly know that force will come speedily and be employed adequately. The desire to evade a first duty of government which is felt by many people is the largest encouragement to riotous strikes. It palsies the hand of authority and opens the way to successful and unpunished assaults upon property and life. We shall settle such strikes in the simple way of enforcing order, or we shall never settle them.

Controversies about things outside of wages are not a serious menace. The sympathetic strike has no claim to be considered at all by individuals or society. The other controversies are settled by effective instruments, fitted by experience for this service—the unions on one side and the officers or managers of industries on the other. A special case is made of railway men, because they carry the mails and inter-state goods. The case for special legislation does not yet exist, nor is it likely to exist. The only hardship imposed by statute upon railway men is imposed upon all other men: they are forbidden to obstruct the movement of mails and goods. This does not restrain them from exercising any right. The story ran, that in June 1894, "a woman of the people," engaged with her oil-can and matches in setting fire to some railway cars, explained her intentions in these historic words: "*Rights is rights, and you bet we are going to have ourn.*" The logic will never command a respectable audience. If it should be necessary to require a brakeman to remain at work against his

will—when he wishes to retire from his post of duty—then it would be our duty to secure to him special legal protection. He is now free to retire; no restraint of his reasonable liberty exists. He enjoys all privileges enjoyed by other citizens, and the courts are open to him as to the rest of us. "Wealth controls the courts." It is simply not true; the courts lean as far as possible the other way. The author saw recently a judgment for a few dollars in favor of a brakeman, assessed against and paid by a wealthy railway corporation. In conspicuous cases, leniency rather than severity has marked the judgments of courts against workmen who have broken the law. All the tides run in favor of the employed man.* If there is any default of righteousness, the failure should be met at its source in existing law and through existing courts. The attempts to create courts which are not courts, —coercive law which shall despotically enforce personal claims, and yet evade by its processes the constitution of the United States,—is not law at all; it is a political gerrymandering of opinion, or a sentimental substitute for plain justice without dialectic frills.

* "The apparent weakness of the workers' position has been discovered to be one of great but hidden strength. I conclude that much of the continuity of occupation in times when business profits are reduced, is due to the fact that it would be a greater loss to stop than to continue. And I imagine that the consciousness of this inherent and increasing weakness in modern industries which are carried on in a vast scale, has had a powerful effect in bringing about a better understanding as to the relations of workmen and their employers. . . . I cannot say that the discoveries of mechanical and engineering science have enslaved labor to capital, but I am pretty certain that they have made harmony of the two factors more necessary, more obvious, more inevitable and more speedy."

J. E. Thorold Rogers: "*The Industrial and Commercial History of England*," p. 173.

X.

The hope that co-operative production may secure a higher measure of independence to the workman than is possible under the regime of wages, is held enthusiastically by many philanthropic minds. Experiment has been going on for half a century in England without any striking success in pure production. The societies which have succeeded combine consumer and producer, the workman rarely having any interest, and in these rare cases having a very small one. The combination of producers and consumers is a method analogous to the combinations so much abused in Utopia; and their gains flow from reduction of the cost of retailing goods. Workmen may and do own shares, but profits are usually apportioned on the basis of purchases made by members. The real profits are partly conjectural, a matter of book-keeping, so to say. The consumer might have purchased his goods in another market at less then he is charged for them by his society, but his allowance out of the profits more—usually much more—than balances any such loss. To make goods which are sold in advance is ideal production, free from all risks. To buy goods of one's self and get back a profit, pleases the purchaser. But in this system the workman has no very satisfactory place.

Co-operation is constantly going on in small industries where two or three partners shoe horses, repair carriages, or make two or three kinds of furniture. Many a great mill has sprung from such a

beginning. A large majority, indeed, of American industries began in partnerships of mechanics. But as soon as their business grew beyond their own labor, they began to hire other mechanics for wages. Probably there are many thousands of such partnerships formed every year in the United States. When two or three men combine, the result is usually satisfactory. It is rare that more than three can co-operate harmoniously. In large production, it is improbable that the workman can be a partner, except as other men are, by purchase of shares. Manual service, even with a high degree of intelligent application of it, can always be hired. The success of the undertaking depends upon management.

Profit-sharing is in successful operation, and as a partial system —selecting workmen of exceptional intelligence and character—it has good economic standing ground in a profit-making element, secured by superior skill and by earnest application. By so much as such a workman makes his labor accomplish more than a wage-earner's, he produces profits; and his employer has a surplus over wages belonging to such a workman. It would be a vast improvement if all workmen could in this way be enlisted in the business of production as profit-sharers. But they cannot be regularly and uniformly profit-earners. It is a system for *elite* workmen, and as such has good promise of usefulness. It is open to the *elite* workman to do better still. When he has saved a small capital, he may enter upon small production for himself. He may do

this on the ground that he can produce more than the wages he receives, not for any other reason. Assured wages in a large concern to the skilled man who is not conscious of managing talents, ought to be most attractive and are best for him. The way to independence is not through becoming his own boss while poor, but through being a capitalist. If he saves a part of his wages each day, he is an independent man, a prince of Utopia. And, since large combinations of industry are the line which invention still travels, it is the part of prudence to keep in sight the royal road of thrift, as the workman's sure road to independence. It is a pleasure to believe that, for the exceptional man, opportunity to invent, to prove his capacity to manage, to reach affluence by invention of some kind, stands waiting in every mill. The workman ought first to see how things may be done better, more cheaply. The bright man may rise high; the dullest man may save a competence *if he will*.

The question of the length of the workman's day depends altogether upon what is best for the workman. If his present day is too long for his health, too long to permit him to be a whole man, this day will give place to a shorter day. But to shorten the day in order to give more men work is an altogether illusory and unnecessary measure. By indirection, this bad thing already troubles us —dividing work among workmen in times of depression.

It should not be overlooked that a caste element has always entered into wages. It seems to be the

most indestructible of our aristocracies—this aristocracy in work. The American servant girl, on one side, the saleswoman on the other side, are as far apart as Jew and Samaritan in feeling; and they "have no dealings" with each other except over the counter of the big store. But the servant girl is best paid and, as an industrial person, the more economically wise.

In the great banking houses of Paris many clerks earn less than *elite* workmen. The credit establishments employ about one hundred women whose wages are less than those paid to women clerks in retail trade; but the social position of the women in a bank is distinctly higher.* A corresponding fact in this country is that the housemaids are better paid—much better—than women clerks; but the clerks would starve or steal rather than "do housework." It is the poor who are proud, and this special pride costs terribly. The wages of the servant girls are too high; the wages of the girl clerks are too low:—scarcity of servants; excess of clerks. When the industrial virtues are better cultivated, these wastes and sufferings will come to an end. For the present it is useless to teach that domestic employments are best every way for girls, though it is a perfectly simple calculation of the advantages and disadvantages. A million or two of girls in Utopia are a dead weight on their fathers, and many will presently be a dead weight on their husbands, through silly and brainless pride. The self-supporting girl might be as

*Vicompte G. D'Avenel.

much a matter of course as the self-supporting boy, if the caste feeling of people who have nothing to be proud of and not a shred of pretext for "feeling above" other people, did not obstruct the industrial career of American girls.

CHAPTER VIII.

GOVERNMENT IN UTOPIA.

I.

THE unhappy Utopians are advised by philanthropic people, more or less professionally philanthropic, that all their sorrow can be cheaply and swiftly converted into joy by more or less radical reforms in government. In considering these reforms we will begin with the most radical of all, with the anarchist who advises us to reform thoroughly by reforming government out of existence. In this modern world of ours, we have to exchange greetings with ideas, theories and systems with which we have no sympathy. They concern science, philosophy and religion; and in our several orders we comprehend the notions we reject, and explain to ourselves the genesis of the unreasonableness of "our friends the enemy." Even in the field of politics we comprehend, or think we do, the people whose vagaries would trouble us if we thought them likely to prevail. But there is one exception. While we understand a fatalist, an atheist, a utilitarian, a socialist, and many more with whom we have no sympathy, we do not in the least comprehend an anarchist. A collectivist who seeks to abolish private property, is to us an absurd person or a dreamer. But we know what he wants

and why he wants it. We can trace the growth of his ideas backwards for a century, and we can understand his argument, while we see clearly that he has left human nature out of his system. But the anarchist is a new creature, a strange creature; and why he wishes to destroy all governments, and how he acquired that desire, we do not understand.

Until very recently this creature perplexed the author more than all the rest of his fellow men. He seems a prodigious evolution out of some unknown environment. One reads Russian history without obtaining a hint of the origin, the real genesis of anarchic opinions. All other agitators want a new kind of government. Socialists, with whom the anarchist maintains in this country a kind of fraternity, want plenty of government, want more than the world anywhere has ever had, except perhaps on a slave plantation. But the anarchist wants no government at all. And he is — when he is a sound anarchist — very thoroughly sincere about it. How he came to his social philosophy is as mysterious as his philosophy is strange. How should men living under a pure despotism come to conceive a human world in which individuals freely arrange themselves alongside of each other and maintain healthful relations towards each other without disorder, without crime, without the aid of any kind of government.

Such a dream might come out of a Parisian garret; but it did not. The French revolution begat every sort of fantastic scheme of government; it is shamed by the arrival of anarchism, a scheme for

dispensing with all government. Some have supposed that the anarchist wants to destroy, intending like the socialist to rebuild. But the anarchist does not want to rebuild; he would not destroy if he thought a new edifice of authority would arise on the ruins he would make.

Now the histories of all political movements and agitations under despotic rulers have had this common feature; the agitators have wanted to improve the government a little, to mend it here or there, to put a new man on the throne, or a new minister by the side of the throne, to repeal this or that law or to get this or that man into or out of favor. It is "a thing of shreds and patches." It is pitiful to read how little will content an oppressed people and how meagre are their ideas of change. After the French king was down in the French Revolution, there were agitators with comprehensive dreams; but while Louis reigned a few patches on the old order were all that were seriously demanded.

Nor can we account for the audacious scheme of the anarchist as a something learned outside of Russia. There has, in the first place, been no place to teach it; and, in the second place, the theory is known to be purely, exclusively, absolutely Russian. No Frenchman or German has contributed a thread to the theoretical weavers of the anarchistic dream. The boldest, though the least practical, scheme of reform the world has known, originated in the Russian brain. It is a childish philosophy, one may say, utterly impossible to experiment, but it is

for such reasons all the more wonderful in its audacity.

There can be little doubt that the anarchist's ideal came to him from the old Cossack life on the steppes. It is his effort to recover the Arcadia of his race. This genesis is supported by the fact that most of the anarchist thinkers and writers are of Cossack blood. Now, there was nothing in the life of the steppes that in Cossack tradition and memory would suggest government. If that free and independent life had actually — before Russian Czars ruined it by conquest — anything like government, the more modern Cossack may be excused for forgetting it. After the conquest this people passed under such a mass of restraints and rigors of discipline, that the old time seemed to them just such a perfect order without government as appears in the dream of anarchy. "Let us all live as we Cossacks used to live on the wild steppe." This explanation ascribes the origin of the strange theory to the home-sickness and despair of the Cossack shut up in the stifling air of the city, surrounded with the restraints of civilized life. Anarchism is a peasant's effort to improve civilization. It is as though your child should say: "Papa, fix up the government in the way we children do when we play house-keeping."

We can see the Russian situation by imagining that some Indian student at Carlisle should write a book, gravely proposing to us that we adopt the tribal system of his race, and announcing that this is the next stage of human progress. Doubtless

the Russian statesmen understand their Cossack baby, though they do not take the trouble to explain him to us—being themselves also more or less Cossack. Our peasant dreamer has no conception of the complexity of civilized life. He does not know how different, how inevitably different, the modern and multitudinous world is from his wild and savage home land. Or, if he knows, his audacious dream pleases his vanity too much to permit him to entertain the preposterous notion that government is necessary. His anarchism flows in his Cossack blood. He may not even know himself whence his dreams came to him any more than he knows how Cossack blood got into his veins.

The anarchist's method is as Cossack as his theory. On the steppe an evil and hated thing died a bloody death; so when this child of the steppe undertakes to reform abuses in government he flies straight at the throat of authority; using weapons ready to hand, he bludgeons, stabs, or dynamites the representatives of authority with little method, probably with less hope. The Cossack system has recruited soldiers of assassination wherever it could find them; and thorough-going socialists have not scrupled to employ these soldiers to frighten society into their own embrace. We cannot take the anarchist any more seriously than we take the insane author of "The Piling of Tophet." In fact, the poor creature is a new kind of maniac whom we should confine in a strait-jacket if we could be certain that his malady was

likely to overcome his prudence. His chief importance is the use made of him by a group of socialists.

II.

Let us pass on to consider the most rational and practical of our promoters of happiness by Act of Congress. We refer to those who would freely and remorselessly tax the rich for the benefit of the poor—to progressive and socialistic taxation. They are not the same, but they pull in double harness. Several legislatures have begun to dip the public hand into the graves of the rich; and a picturesque income tax law was enacted in 1894 by the national Congress. This, then, is a reform already mobilized and advancing, though the objective of the movement is not defined.

The author profoundly believes that in a moralized Utopia economic distribution would work equitably. There will remain, however, reasons for what may be called socialistic redistribution in some accepted and beneficent forms, such as public schools and charities. The constant danger of it is such extensions beyond the lines of plain usefulness. As an example of such plain usefulness the national government's handling of the post-office may be cited. The postal service is maintained by socialistic taxation to the amount of from eight to ten millions yearly; the receipts fall thus far short of the expenditures. This deficit is produced by a system of distributing printed literature at less than cost; and also by a kind of co-

operation with department stores in diminishing the cost of retailing commodities. The usefulness of this species of taxation for postal service will not be questioned seriously. But there are many people who have forgotten the gift element in this service, and while quoting the example as an argument for other work by the government, they forget that altogether too many millions would be required to give the people transportation for themselves and all kinds of goods *below cost.* The old belief is not shaken that it costs the government in excess of the cost to companies to perform any service. In short the favorite methods of extending government service involve waste rather than re-distribution.

It is evident that the democratic instinct has found in taxation a practically effective means of rectifying distribution, so far as rectification is possible. No possible method will avail to alter the proportions of product going to labor, capital and management. The dogmatic economist is here on solid ground. The laws of supply and demand will go on dividing the product in spite of any possible reforms. But taxation may recoup profits and interest, and expend them for the general good. That this line of advance is beginning to attract attention, and that it will be marched over in the next century, no one seriously doubts. The doubtful questions are those of method and of opportunity. Licenses to manufacture, graduated income taxes, governmental management of industries and other methods are in the field for discussion.

Ownership by government of railways and telegraphs is neither a new thing nor a very enticing scheme.* Heavy taxation of the companies is a more consistent scheme, and American instinct has gradually approached this solution. The taxes paid by railway companies are increased year by year. The state of Pennsylvania annually levies millions from corporations and expends the bulk of it on public schools. What can be accomplished by socialistic taxation? What benefit will come from it to the working classes? In other words, what could be done by the new millions gained by taxing profits and capital as much as they will bear and still serve us? It is best to realize that there is here no mine of boundless riches. If the state trebles its income by socialistic taxation, it will kill invention through discouragement; and the employment of these millions would risk the loss of them and not give certainty of their fruitful expenditure. We get back our millions from the public schools in the form of ability and character. If we undertook to imitate old Rome in our modern way, feeding and amusing people, we should ruin one more promising nation. Circus tickets and free loaves are not to be considered. Schools, parks, streets, water, asylums and hospitals are already provided at public expense. Could the

* A model method with franchises has an example in the Illinois Central railway company. As a condition of its charter, this company pays to the state of Illinois seven per cent of its gross earnings. For the two years ending September 30, 1894, this franchise tax yielded to the state $1,342,007.55. Besides this, for the same period the company paid other taxes. The *rate* of tax is probably too high. The stock of the company, for many years at or near par, stood at about eighty-five at the end of 1894. A dozen of our states have experimented at great cost and experience with railway ownership.

state establish a system of free homes, with heat and light free also? And would this please the self-respecting wage earner? The suggestion is nearly as absurd as the free circus ticket. It would be possible to provide more hospitals and much more room in poor houses. But reforming philanthropy will not entertain the suggestion.

There is one open road along which public distribution might travel with dignity. The state might provide a pension for every invalid, every poor widow, every orphan child, every one bearing the infirmities of age. We are learning in our system of war pensions how to conduct such a distribution on a large scale. In short, it is possible for a state, by socialistic taxation, to render real poverty of the suffering sort absolutely impossible. For that part of the body of reformers concerning itself with actual primary wants, the solution suggested would be entirely satisfactory. This would not settle the so-called social question. The inequality of the distribution effected under the existing system of competitive industry, would remain untouched. The state would merely take away from capital and ability a part of their shares and disburse it among the needy sons of poverty. Nor would the moralist be contented with a system of distribution by act of congress and of the pension agent. And, absolute poverty having become impossible and the saloon remaining open, would not the poor multiply more rapidly?

Doubts and fears have seemed to melt away, while we were taking some of the first steps in this

reform by re-distribution. The public schools met with vigorous opposition when they cost less than half as much as they now cost. The opposition has ceased, and every town of five thousand people will soon have a college maintained at public expense. There is no open hostility to taxing corporations severely. The rich man's death is more and more looked to as a means of re-distributing a part of his estate by a succession tax. A very large increase of this tax will meet no obstacle in public opinion, whenever the state has found a good use for the money of the dead. Trust estates, such as those of the Vanderbilts and Goulds, would be remorselessly seized by the public—pensions being paid to the heirs—if the public had a use for them. The real difficulty is not any obstacle to socialistic taxation, but the lack of socialistic uses of taxation. Make any such use as popular and as useful as the public schools are, and the money will be freely taken by some device of taxation. The delay in devising methods of using the rich man's money for the poor man's good, is largely due to the ill-advised effort of many reformers to distribute more equitably, as they claim, in the original processes of production and exchange. The delay is further helped by ill-advised clamors for a cheap money or other attacks upon confidence and credit. But as soon as reformers learn that they cannot seriously alter the original distribution, they may be expected to take up the question of re-distribution; and taxation affords them the prospect of large supplies for philanthropic enterprises.

The foregoing suggestions are an attempt to outline in few words the situation and its outlook. With whatever results, we are likely to attempt to abolish poverty by the method here indicated. There must be some unsatisfactory results. The state, which is to do this work, needs a better civil service system than it is in the way of getting. Robbery in the form of taxation for the benefit of spoilsmen threatens every step of our progress with disaster. God's poor and man's poor can be relieved by the system suggested; but the multiplication of the devil's poor under the system may be reasonably feared. As all sturdiness went out of the Roman plebs when fed from public granaries, we may dread a like loss of force in laborers relieved from all dangers of severe privations; and all the difficulties of the present situation may be increased by diminishing the dangers of idleness and inefficiency. But the American democracy is capable of running great risks for the sake of promoting the general welfare—that is to say, individual welfare—and may be capable of triumphing over all dangers of re-distribution by means of universal suffrage. No one will claim that it is a perfectly safe venture so long as Utopians remain inadequately moral.

III.

A group of citizens—much the largest body of the reformers—have no programme of novelty by wholesale, but adopt the retail system of dispensing happiness. There is this or that to be amended

or reformed, on the whole a considerable amount of work, but it is to be done without startling departures from precedent. Not requiring everything to be done at once, these reformers have achieved a number of things, in every case with disastrous results, which have not discouraged them but rather increased their zeal and enthusiasm.

Legislative interference in the industrial affairs of this province of Utopia has always damaged those who clamored for it. The "Granger" laws regulating railways checked the growth of competition, and the inter-state commerce law has conspired with the "Granger" laws to produce a reaction to "pooling" bills. The comfort of those who see both sides of this game of cross-purposes, this hacking of themselves by frenzied Utopian saints, is that competition cannot be killed off in any of these ways. The unconquerable human soul, striving earnestly for the best gifts, will overthrow and crush down all these "oppositions of science falsely so-called" which block its path to the better, the cheaper, the more abundant.

The oleomargarine substitute for butter is a valuable invention which short-sighted farmers have virulently opposed; and unfriendly legislation has been cheerfully granted by complaisant politicians. Thoughtful people early saw that the new food might reduce the value of butter by increasing the value of cattle and hogs. The cheapness of the new food would increase the use of butter and butterine taken together; the competition would tend to doing away with that execrably nasty stuff known

as bad butter—more of which was produced thirty years ago than the aggregate of good butter and tolerable butter; and the good dairyman would continue to command for his best product that premium which Utopia cheerfully pays for a delectable superfluity. It seemed a righteous thing to protect the consumers from deception; but the danger of deception was small. Butterine could not deceive the consumers of pure butter; its price must be below that of the first grades of butter; it came into competition with inferior grades of butter; and the workman with a nose would easily detect butterine by the absence of the effluvium which rises from poor butter. Now it is an illustrative fact that the prices for Elgin butter fell sharply after the dairymen obtained hostile legislation—or protective legislation. This result might have been foreseen. Crushing competition is like damming Niagara. The butterine makers were put upon their mettle. They had used a large amount of Elgin butter in their new food; they now set inventive genius at work to produce good butterine without butter; and they succeeded. The loss of their patronage diminished the demand for butter. But, on the other side, butter-makers everywhere began to see that they must produce good butter or go out of the business; and the average quality of butter offered for sale has risen more in a decade of competition with butterine than in the previous one hundred years.

There is some reasonableness in protecting consumers against deception; it is at least a question

of the need of such protection. But a form of it which has passed the ordeal of the Supreme Court of the United States forbidding the coloring of butterine to resemble butter—suggests an amusing short-coming of the beneficent lawmakers; why did they not forbid the coloring of low-grade butter to make it resemble high-grade butter? The pure fun which hysterical Utopians might afford an intelligent Altrurian—which some of the Utopians get out of legislative toying with Niagara—is a distinctively fine compensation for the unintelligent noises which disturb our atmosphere. Anti-trust means a bigger trust, some form of the great collectivist trust which is to enable workmen, or rather their lodge bosses, to establish arbitrary price for labor by seizing all the other productive factors. The main factor—the mind of man—never did much work in chains.

IV.

It is a beneficent arrangement that mothers love their children: the children are taken care of, after a fashion. It is a beneficent arrangement that men like to own land; the land is cared for after a fashion. Every crop reduces the productive power of the land. Somebody ought to have a motive for restoring what has been taken away. Weeds grow luxuriantly, and food plants are delicate. Someone should have a motive for keeping out the seeds of weeds and carefully tending the desired growths. A considerable capital is required for the tools, buildings, drains, enclosures

and live-stock of a farm. Someone should have a motive for gathering and extending this capital. The motive is furnished in ownership.

It is a pleasant fiction that agriculture yields large profits. Whenever any profits are realized, the result is due to the farmer, not to the farm. Profits in agriculture like other manufacturing profits are the reward of inventions as defined in this essay. Gains in this occupation depend on two things: good management and the savings of close and hard living. The American farmer, as a rule, lives closely, and without special skill may in half a century become the owner of a small farm and its equipment. If he has gifts of management, he may become rich by getting more out of his labor than the poor farmer gets. So far as profits are concerned, mills and farms are under the same rule. In each case profits are made by man.

Several grievances are set up by those who would place all taxation upon land. (1) People are denied access to the land under existing methods. It is not true. Anyone wanting land can get it, usually at a price below its cost to a succession of owners. This is the cry at the other corner of the mouth of an unhappy Utopian — "Farms are away down below cost." Besides, free land is still offered for the asking. (2) It is said that if all taxes were levied upon land, then in times of industrial distress, workmen could go from the idle mills to the land and there supply their primary wants. This is fine but unpractical. Workmen are seldom much concerned about primary wants;

happily they are away beyond that stage. Not one in a hundred thousand will go upon land from choice. To go upon land, now cultivated, the workman must be able to buy out the capital of the present owner. If single-tax righteousness has taxed away this capital and the owner has abandoned his farm, then the workman will need capital to get an abandoned farm into working order. If the workman has fallen to primary wants, he could no more supply them on a farm than he could fly to Mars. No matter how small the bit of land, the house and the necessary tools would require a capital unless the capital already existing were confiscated for the benefit of the workman. Besides these difficulties, is the large one that farming is a business which must be learned. One difficulty about profitable farming is the amount and variety of knowledge required. Another is that the capital required is larger than in other production—proportionately larger.

While these lines are being written, some workmen in Chicago have a scheme for colonizing a piece of land. They have found out that they need capital. They do not yet know how much capital they need. Nor can they yet measure the depths of their ignorance of farming as a business.

(3) These grievances are supported upon a theory that land is a natural bounty of untold aggregate annual value. The practical fact is that for almost all agriculture there is not even a fair return for the capital invested; rents are paid for that capital. Except in rare instances any payment in ex-

cess of interest on capital is wrested from the tenant by an application of the sweating system. (4) It is alleged that the single-tax—up to the full annual bounty value of farms—would fill the Utopian exchequer to bursting; we should be able to do about everything for everybody at public expense. Here practical and experienced men begin to be amused—especially the men who levy and collect taxes. The so-called "economic rent" has a strong grip on political economists; but they have all discovered in recent years that it is tied up with capital-rent and with management-rent. It is not an *axiom* that *it always* exists when "rent" is paid. Most economists also agree that the capital is entitled to its rent first of all, and that economic rent (or bounty) cannot exceed what is left after capital is rewarded at current rates.

Even the English landlord rents a capital to his farmer. If the succession of owners has filched a part of this capital from the succession of farmers, that is a simple immorality having the same explanation as the sweating system. If in Ireland, a tenant pays rent for land in which the succession of owners has invested no capital, it is a yet clearer case of sweating; and no civilized government could tax the tenant the amount of that rental and remain entitled to an hour's lease of life—it would become the criminal party in a sweating system. A practical examination would show that for the greater part of land—probably for ninety-five per cent of it—the capital invested is entitled to all the rental value; and in most cases that return

upon the capital would not yield two per cent per annum.

The phenomenal ignorance of the single-taxer respecting existing burdens of taxation upon land in towns provokes amazement. He thinks he is opening a mine of public wealth so far exceeding in resources all the dreams of avarice, that there is nothing conceivable of social value which the nation might not create with this golden stream of bounty flowing into its treasury.* But in point of fact, our towns already take from real estate a percentage approximately equal to the rental value of the land; and they often take much more, *for local purposes*. Of course they do not take this percentage upon the land alone; but under the celestial dispensation buildings would not be taxed, and land would have to pay what buildings now pay. In such a city as Chicago, where an unusual amount of vacant land is temporarily uncovered of buildings, the present local taxation *might* not absorb all rental value; and on the other hand much of this vacant land might have no rental value.

The actual facts in towns are very well shown in Meadville, Pennsylvania, where the author resides, a town more than a hundred years old and having but little land not in use for some purpose. The author bought a lot for twelve hundred dollars,

*"The community could make a per capita dividend with any unearned increment surplus over and above ordinary expenses. * * The surplus would be a large one. * * The great bulk of farming land would wholly escape taxation." * *

"The great bulk of all lands and lots would escape if the capital rent were first deducted, and the large surplus would become a large deficit for 'ordinary expenses.'" S. B. RIGGIN. *The Arena*, August 1894.

built a house upon it,* and he paid seventy-two dollars a year in taxes; and a mere trifle of this sum went outside the county. This tax is exactly six per cent upon the price paid for the lot, which on the Georgian plan has been confiscated, practically, by the town and county. If the whole burden of the support of the state government fell upon land, the taxation would be at least seven per cent. And nothing would be left to maintain the national government, nothing for those expansive schemes of benevolence of which single-taxers dream. The case given is a fair showing for this rural city; indeed there is serious doubt that the city could support itself by taxation of lots alone, if the rental value of the lots were bodily taken for public uses. In other words, if the city owned the town site its rents would not pay the city and school bills. And in that case the city would have to do some things out of its common fund, for which it now levies special assessments.

It will be said that ground-rents plus taxes are paid in cities. Two things are forgotten: (1) The owner of the land has a capital invested in the lot, made up of regular taxes for many years, special assessments for streets, sidewalks, sewers, water mains, street lamps; (2) that the ground-rents do not exceed the probable interest value of this capital. Lots in New York have paid taxes for something like two hundred years. Much is said of lots held vacant for long periods. If now the most valuable

*The house cost $3,500. But that would not count in the single-tax system.

lot in New York had lain vacant for two centuries, the taxes accumulated at compound interest would make its cost several times as much as could be obtained for it to-day. Land must increase in value to keep up with the growth of the capital invested in it—if it yields no income. If it is improved, imagine an account opened with it one hundred years ago. Let the amounts annually received bear simple interest; let the amounts annually paid bear simple interest; then strike a balance. Not many city lots would be worth taking by paying the balance; and most lots would be bankrupt. Calculations of this kind are objected to by superfine theorists. Their theory is that the Methodist-preacher system of finance ought to be followed with land. At the end of each year, this good preacher may have received only ten per cent, or even less, of his salary; but he has no claim on the church he has served; the books are closed. The state cannot do business in that way.

The capital invested in the improvement of land is forgotten in the same pleasing way. A vacant and unimproved tract of land—it is easy to find one in Pennsylvania—has paid taxes and no other expense has been incurred; but it cannot be sold for the taxes it has paid, taking no account of interest. That growth of society about it which Mr. George's disciples dwell upon as the cause of its value, this tract of land has paid its full share towards promoting. It has aided to build court-houses, jails, roads, bridges, asylums, and state-houses. It has not been a lazy pig, feeding on the

food offered by others; it has paid its share of all the bills. But in the case of improved land, where forests—then of no value—were cut down and a fruitful soil created by drainage and culture, every farm is deeply in debt to its succession of owners. It would break up all the millionaires in the world to pay these debts of the farms in the United States, *if the labor done upon them were paid at current rates for each decade.*

All this seems unimportant and aside from the question to a man with a theory that land belongs to the public, and that the present possessors are thieves and not entitled to the benefits of an accounting. There is another practical aspect. It has happened not infrequently, under the existing system that lots in towns could not be sold for the sum of accumulated taxes. A striking case occurred in the city of Brooklyn about 1880. The legislature relieved the city of a burden by an act authorizing the sale of a large number of lots for a less sum than the back taxes. The most visionary single-taxer could not have have found any rental value to tax for the period 1873 to 1880, in at least one-half of the territory of Brooklyn. Half of Chicago was in like case. If a few acres in the heart of the city might yield a good margin—by wiping out the capital of the owners—the larger half of every city would, one year with another, show a deficit rather than a profit, *except in boom years.* These years come now and then to balance up the account; and fortunes in real estate are made by purchasing at the ordinary deficit price

below the capital invested through a course of years —and taking advantage of the sudden rise toward cost level. And of course it happens that virgin lands are in speculative moments converted into towns—to the immediate profit of the enthusiastic "boomer."

Gains, even fortunes are made in real estate speculation in exceptional periods. Such a city as Chicago, the growth of about half a century, presents to minds unburdened with experience, a fascinating accumulation of wealth. But the writer speaks with some knowledge in expressing the opinion that more fortunes have been lost than have been gained in Chicago city lots. Still it will be alleged that land rentals are paid in Chicago. It is easily forgotten that vast sums have been spent on the lots paying such rentals. They have been raised from six to twelve feet above the natural level. They have paid for streets, and their solid foundations were planted under difficulties of an unusual character. The burdens borne in a growing town where public buildings of all kinds had to be built at the expense of the land, make up with other costs a large aggregate of capital. Add to this that high rentals are made possible by inventions in the form of the tall buildings, and the rentals are fully accounted for. But granting that in a small business area the gains exceed interest upon capital and the rewards of invention, it remains true that, in the larger Chicago, the capital invested does not receive more than a fair return. It is often alleged that higher house rents prove that a

natural bounty is harvested; the answer is that the higher rents are paid for costlier houses—better houses. The cost of the average house doubled between 1872 and 1892.

The conclusive argument against the Georgian theory is the simple fact that: (1) In this country all titles of private owners are derived from the government, and for a great part the government received money for the patents; (2) that in land of any value the owner has an investment. The government must not steal, and it is not rich enough to buy the lands and their associated capital.

V.

Socialism has no standing in Utopia except in the form known as collectivism; and this must be further limited to the doctrine that the state should own and manage the instruments of production. A first task is to define these instruments, but American collectivists gracefully decline this task. They ask that the principle be accepted in advance of definition. They tell us that their principle is simple justice. "Let us resolve to be just and then proceed to detail." The answer is that we have already resolved to be just and think our social system a just one. We could not possibly know that collectivism is just without knowing exactly what the instruments of production are. The collectivist indicates a few things such as land, railroads, telegraphs and mills, because workmen's votes are thought to be within reach under such application of the great principle, and because strikes have

suggested to many sentimental people that there is some radical injustice in the system under which the large industries are managed. Besides, while complaining of cheapness at one corner of his mind, the Utopian has taken up the notion that a large combination is both serving him cheaply and cheating him outrageously, and this he chews upon in the other corner of his mind. To hit and hit hard the large industrial proprietor presents a pleasing prospect of popularity.

Not even in this semi-defined form has collectivism any chance of approval. It will be found that the owners of land and the large industries and their friends are a comfortably safe majority of the voters. The new sect of English collectivists calling themselves Fabians have made some discovery of this nature; probably they have studied the statistics of industries and their proprietors to some purpose. They therefore propose to wait, watch, and win by chance shots at capital, getting a line here and an inch there and confiding in social tendencies for the large result. For a like reason, collectivism in this country fixes its attention upon railways; and many people who are not collectivists in the least favor government ownership of railways.* But an ally always wants to take part in making the plan of campaign; and in this case the

*Under the charters and contracts now in force, the great railways of France will in about fifty years become state property. But unless there is a great change in the financial methods of France, the state will owe upon them—will have borrowed upon this security—all that the railway property may be worth. And it is most probable that the existing companies will continue to operate the roads for the state. The gain will thus be reduced to a pure illusion, except in so far as it may be represented by power in the hands of successful politicians.

non-collectivist ally insists that the railways shall be paid for, while the collectivist holds that the present possessors are thieves and robbers. The two wings of the army will never fight on the same field.

In any movement, a collectivist must announce a doctrine which covers all the ground; and though he be a Fabius his legions will contain few who believe in private property owned by other people; and the lieutenants of Fabius will be candidates for seats in the new syndicate, and trusteeships in the stupendous trusts, and managerships in the railway offices. Before any voting is done to any purpose it will be known clearly that the movement aims to put new men into a certain number of places; and that orators are all candidates for good place and good salaries. The practical effect of collectivism applied on a small field—as in railways—would disclose the continued and lusty existence of human nature.

Dialectic persons who invent their major premises must come at length to the doors of practical politicians for assistance; and the theoretically unselfish enterprise will become aggressive by enlisting mercenaries. The practical result of "the inauguration of justice" would then come up for investigation and the entire ground would be gone over by people asking: "How will it work?" There might be reasons sufficient to justify the purchase of all railroads by the nation; that would be one thing; there might be reasons why the nation should seize and sequestrate the railways; that

would be another thing. And this second thing has a great big element not in the other. It is a classic of liberty, this saying of Hampden: "The right to take one pound implies the right to take ten pounds, to take all." The right to seize and sequestrate railway property implies the right to take all property. We shall have careful definitions of the instruments of production, a full decade before collectivism comes to a vote,—and it will never come to a vote in any large, clear platform. For no definition can be made that will not strip naked many thousands of the best people in Utopia. Their virtue would awe thieves into respect; and the disclosure of the share-owners of American railways would disarm a collectivist by conviction. Only mercenaries would pillage the actual holders of these bonds and stocks.

In point of fact there is no property which may not be instrumental in production. The workman's sack of flour and his patch of potatoes; the farmer's pigs and chickens; the mechanic's jack-knife; the barber's razor, and the servant-girl's needle, are all actual or potential instruments of production. So, too, are all the people of Utopia; and logic will make us all the property of the State. We have socialism now in its real principle. The state owns a man as a farmer now owns his male creatures; owns the women as the farmer now owns his female creatures. There is no marriage; there is no home; there is no love; there is no God. It is not worth while to dwell upon a theory so far away from all the ideals of Utopia. Who is this

State owning all of us and all of ours? It must be some persons. We know what persons expect to be that State. Suppose one of those beer-muddled creatures to be in error and that he is not the coming socialistic Pantata. Does the reader happen to know any dozen persons whom he would trust to own a town and all the people in it? If he does, can he expect those persons to be chosen in that town to regulate all living? For if the State is to own all, it must regulate all *through some individuals appointed for this despotic authority.*

"We shall not go so far as that." No, we shall not go at all in that direction. And it is worth while to point out why we shall not go that way. It is because all socialistic programmes are inspired by individualistic breath and hope. "It is one thing to assist me in working out my career; it is a very different thing to deprive me of my career altogether."* It is the first which every socialist at heart wants for himself and others; it is the second which his scheme must reach to gain control of life. It is a reasonable expectation that Utopian society will come to know the source of wealth—its individualistic springs—and turn its attention to clearing away the foulness with which imperfect character sometimes poisons those springs. And however well or ill socialism might fit a finished world—a world in which invention and ability had exhausted the resources of nature—we shall all see that in no near future can this end be reached and *ne plus ultra* be engraved on the

*Robert Wallace, M. P.: "*Fortnightly Review*" of June, 1894.

farthest mile-stone of progress. If, therefore, we believe that inequitable distribution is the result of existing economic order we shall not destroy it by revolution or by evolution, but correct its errors by socialistic taxation or "correct mal-distribution by taxing the money-maker down to the point beyond" which if you went farther you would break his heart."* Disguise the truth as we may, socialism is only a more clamorous individualism. The good it seeks is good for individual stomachs, backs, minds, hearts. And because it must enrich individuals to satisfy its aims, it can never define what it will leave and what it will take.

By imperceptible gradations one passes from personal food and clothing—each item of which raises a question of kind, quality or quantity, or all at once—to the largest actual possession of one man. The logic of taking away a big mill from many and leaving the one man his small mill; of confiscating a herd and not confiscating one cow; of forbidding the ownership of a house and permitting ownership of one room—must be built up, in each pair of cases, out of special conditions and consequences, for no common premise will sustain all the processes of reasoning which are required.

There is an antagonism to be met by any kind of dogmatic socialism, which has been suggested on a previous page. The nature of this antagonism is hinted at by the writer just quoted. "Socialism might go on squeezing a drop of concession from one side and a drop from another (by forming a par-

*Robert Wallace, M. P.

liamentary group) until its cup is filled to the brim, were it not that long before that stage is reached, the money-makers and wealth-gatherers of the nation, regardless of political considerations, and with the desperation of self-defense, will have combined to use the expedients familiar to their order of faculty, and have proved once more that, on its own plane, the practical and organizing intellect is too many for a visionary sentimentalism whose main weapons are dialectic activity, and emotional appeal." We complain of the influence of wealth upon legislative bodies, of its lobbyists and its paid agents of corruption. Are we aware that for the most part this lobbying is a defensive battle? And do the people know who it is whose actions are most dangerous to corporations in legislature and in congress? It is not the people, not the men sincerely convinced that a check should be put upon corporations. There is not any fear of honest conviction and action. The man who is feared is the man who is for sale, who organizes antipathies for their market value, who introduces bills to be retired after he has obtained his bribe, who lives on corruption, whose bribe increases because people crane their necks to listen to every charge against combined wealth. Nagging corporations is a profession in this country—a larger one than is even suspected—and its methods are the chief hope of every attack upon a rich combination. The naggers are all for sale to the best bidder. But is this not an argument for socialism? "No, it is conclusive against socialism; for if such men should break into heaven they

would put up at auction the golden streets and "Saint Peter's cap and bell."

"But it is in the air." Well, let it stay in the air. It will never be more than an atmospheric phenomenon; and our need is to correct evils of an existing system, not to dream out castles in Spain: to correct the evils of our system—evils rooted in character and habit, not material but moral, originating not in industry and its methods but in undisciplined natures, remediable because industrial life itself lessens their influence and because moral discipline of approved efficiency resides in home, church and school. If we were socialistically organized to-day, we should have the same moral tasks laid upon our hearts, and we should lack the stimulant and tonic force of the present industrial organization. Many persons, informed that some mighty revolution "is in the air," are unsettled and enervated, waiting for a world to come to an end, a world of individualism and society building. Nothing of the kind is coming to pass; and the undecided or expectant people would do well to accept frankly the existing order, to defend it courageously, to amend it when need may be, conscientiously. The entire strength of socialism is in the hesitancy of a small part of the cultured world, including a small part of our moral guides. The issue is not between industrialism and socialism in Utopia, but between advance and retreat in Utopia. If our unhappiness continues to spawn reformers whose plottings chill enterprise and compel us to expend in defense the resources which should flow

into the channels of superfluity—to create more abundantly by new inventions—a retreat may be ordered; but it will be to a government select enough and strong enough to give to property a perfect security. It must not be forgotten that the majority in Utopia is a property-owning majority.

VI.

Representative government has been interpreted to mean government by a ballot majority; this is perhaps the most popular interpretation. A glance at the history of England, and a reading of the constitution of the United States, would disclose a very different kind of representative government. It is plain that in both countries the steadfast purpose is to weigh votes as well as count them, to govern not by the majority opinion, but by the best opinion. Hence the old cry that the framers of our Constitution "distrusted the people"; that legislation in England is controlled by a House of Lords whose members enter it "through the graves of their ancestors." This kind of criticism has lapsed out of sight for a season in the presence of a new grievance. Representatives have voted down the free coinage of silver, though a majority was elected and pledged to vote for the free coinage of silver. They could not have made this measure the law of the land if they had kept their pledges, but this grievance is lost sight of in the discovery that "the gold trust" has the power to reconstruct the opinions of a congress after it has been elected. For those who believe that the majority vote should

settle the fate of a nation, that the whole people may give a mandate by a majority of one, the situation is very distressing. They have to learn that a majority vote does not represent by necessity a majority opinion, that the vote may be secured by what is called "bulldozing." The opinions expressed in the platform are usually the opinions of a few interested persons; the congressman is apt to know nothing soundly on the questions involved, and to form his opinions—as it was expected he would—in the conversation and debate of a congress in session. He may be no wiser than his constituents at the outset of his career; he must know a great deal they do not know after he has been in congress a month. He *may* be blinded by gold dust or bought by patronage; it is the normal thing that he shall be just simply wiser. The constitution contemplates no "pledges" which might defeat the plain intent of a congressman's oath of office. The despair expressed by men desiring particular legislation and "cheated out of the fruits of victory" by "recreant" representatives may not be wasted emotion, if somewhere in its depths they are set to thinking; for they will, when they think it out, discover that our system requires the support of a rational public opinion for rational measures.

It is remarkable that in this decade the tides seem to run both ways in this large concernment of representative government. In England a movement to abolish the House of Lords as a legislative co-partner of the House of Commons,

has the appearance of enveloping and controlling the great Liberal Party. It is plain, however, that no great statesman believes in the movement. Neither Mr. Gladstone nor Lord Rosebery has uttered a word which shows a conviction that he approves of the appalling scheme to make laws by an unchecked majority of an autocratic House of Commons. The Liberal leaders desire to frighten the Lords into approval of the measures they enact in the popular House by *slender* majorities. They may coerce the Lords in the traditional way—by a majority which evidently, unquestionably, expresses the judgment of the people of England; their trouble is that they cannot obtain such a majority with their contemporary policy. By their Irish policy they have become a minority in England. This open secret—the hopelessness of the Liberal policy—explains the retirement of Mr. Gladstone and the cry, "Down with the Lords." This brief statement furnishes our basis for the belief that, even in England, the movement to make single-house-majority representation government—unchecked by any other force—has not much strength.* It is even *possible* that, if the House of Lords ceased to take part in law-making, the House of Commons would become perfectly conservative. The intelligence, virtue, religion and property of the realm are easily able to control the elections, or after the elections to control the

* Since the text was written, the Liberals have been overwhelmed by the ballot; and the immense change in the House of Commons cannot be explained without recognizing that the majority opinion has rejected the "reform fads" of the "Newcastle Programme."

action of Parliament whenever it becomes necessary to public safety.

In this country the man with a scheme for creating happiness by Act of Congress, has always fretted about the power of the Senate of the United States, and once a year, or oftener, we hear a faint cry for the restriction of its constitutional duties. This happens whenever the Senate is "doing the wrong thing" or doing the right thing slowly. It is certain still, that the people of the United States are not asking for one house legislation in any definite way. We are, in our industrial spheres, more afraid of legislation than anxious for it. The producing classes, including the farmers, would probably vote by a large majority, unanimously in all the mills, to adjourn all our legislative bodies for a period of twenty years, if they had a constitutional opportunity to do so. We have far more to fear than to hope from new laws—so we habitually think. The tide does not turn strongly in favor of clearing the way to the swift supremacy of a ballot majority of one.

The other tide seems at times to fall back into ebb, but it is a strong, full-flowing tide. We see it in the constitutions of the newest states. Their charters of governments restrict the legislator more and in more ways than he was ever before restricted. Distrust of the representative is the striking novelty of these new documents of liberty. The amendments which are adopted from time to time in the older states impose new limitations upon the legislator. More things are required to be sub-

mitted to the vote of the people interested. There are new things in the order of "Thou shalt not." The new charters of cities and the general laws for organizing cities and villages show the same profound distrust of "the elect of the people."

The history of the election of judges points to the same flowing tide. In a quarter of a century the length of judicial terms of service has greatly increased. We have decided, in a difficult piece of policy, to elect judges in the states. Appointment seems best in the Federal system; for a president is a man of size and free from narrow localism. In the state, election seems safer, because a governor may lack size, and he may be under the thumbs of individuals politically or financially powerful. Since we must elect, we have after very full discussion decided to have as long terms of service as may be thought safe. The battle belongs to the history of a former generation since the tide turned more than a quarter of a century ago from shortening to lengthening terms of judicial service. For a considerable time a theory prevailed that the judge ought to be amenable to the popular will at any moment. Hence the device of checking him by a layman sitting on one side, or a layman on each side of him, which still persists as a monument of triumphant popular ignorance. We have all learned that we want the judge to decide according to law and the facts, and that we shall secure just judgment most surely by buttressing the independence of the courts. We have also learned a long list of interpretations of "the will of the people." In one

place it means the will of a silver king; in another the will of a steel manufacturer; in another the will of a long-haired demagogue; in other cases it means "big fours" or "big fives," or the finely organized "machines" of the impecunious politicians in favor of the public good "for revenue only." Knowing how both sides, rich and poor, have interested reasons for controlling judges—the poor as often and as dangerously as the rich—we have sought to obtain good law by a gradual removal of the judges from direct and perilous domination of whatever, at any moment, may masquerade as the popular will.

It is to the same effect that executive offices have more of our confidence and honor than legislators. Plainly our progress has tended towards restricting governing persons. But some things must be done. The will of the people theory is to elect a board or commission. It is a delightfully simple way of clothing with power the "boss," under whose hat the will of the people may temporarily reside, with the functions of authority. He controls their selection; he dictates their acts. Life wears cerulean beauty when the board is non-partisan, that is double-partisan. For, now the will of the people resident under the two hats—one for each party—may peacefully and harmoniously exploit the public revenues. This kind of majority government has made a stupendous failure; yet it is still popular with a low order of political conspirators, and they will retain the system wherever they can deceive or bewilder the legislators. The three men in a board

or commission mark the imbecility of a people and the cunning of revenue-seeking statesmen. The fatal vice of the system is that it conceals and buries out of sight all proper *responsibility*. Our tendencies push us strongly, for this reason, towards single executives. Within a decade a great city will have a chief of police, such as Superintendent Byrnes of New York proposes—the responsible head of the entire force of the city, amenable to the state which appoints him. The city councilman is not so important a person as he once was, because limitations have been growing up around this elect of the people, this sometime prince in the local self-government order whom we were proud to call "our alderman."

Painful as our experience with ward bosses and "fine-workers" has been, the lesson of it has been invaluable. We know perfectly what certain majorities mean—how many minds contribute to making up a ward or a township majority. We are in no delusion about the majesty of the people when an expert manager rounds up a thousand votes; and we can in a variety of ways make a proper reduction of the one thousand to just one. Among these ways is the use of a daily press to discuss men and measures, to gather into a volume moving one way the force of public opinion, and to expose the processes by which one man has pretended to make himself a thousand. At the last the votes *are* weighed. No great measure can become a law against public opinion. The voices which form that opinion are all the intelligent voices; and

mainly each gets approximately its just weight in the verdict. Those who have novelties to propose must do more than outvote us; they must convince us. This is government by the people—by the mind of the people, not by their heels. Only yesterday, during the Chicago riots, the extremists of all sorts and conditions were happy in the belief that a great social revolution was impending, and crowds stood on tip-toe to hear these prophets of new dispensations galore; now the calm has come again and we see that the prophets have still the task of reaching our intellects and reversing our judgments.

The outbreaks of political and semi-political discontent in 1894—including the stabbing by anarchism of a President of France and the civil war by labor demagogues in Chicago—would have lacked symmetrical completeness if the judiciary had escaped. The notable assaults on judges have been led up to by a growing habit of malevolent abuse of the judiciary by extremists. For several years anyone moving among the people might have witnessed the development of this bad habit, and here and there a judge has shown weakness in the presence of what seemed the protest of the people against the plainest interpretations of legal rights. Many people had to learn from the lips of brave and manly judges that "there are no innocent persons in a mob;" and to resent the exclusion of themselves (who had only the purest angel-white desire that the mob might win) for innocent participation in swelling the mob to conquering proportions.

Questions affecting labor trusts and employment trusts came before the courts, and the most numerous party did not always get the verdict or opinion of the judges. The lawlessness which was checked in court rooms found voice in lodge-rooms and on the streets; and the word was passed round that the courts were owned by the big corporations. Demagogues, some of them Governors of States, joined in the attack upon the organization of justice, and so conferred a species of respectability upon the slander while they smirched the offices they degraded.

It was not strange then that fertile brains hatched the scheme of appealing, not to the higher court, but to Congress from the decisions of the judge. Probably the Fifty-third congress is not regarded with entire admiration, but its judiciary committee deserves praise enough to redeem the whole body, for its refusal to impeach a judge whose decisions, if erroneous, could be corrected by a higher court. We should have entered the edge of a reign of terror if Judge Jenkins had been haled before the Senate under articles of impeachment. It was the shortest method ever planned for breaking down the defences of property and rights. A judge in fear of impeachment if his decisions are ungrateful to a body of persons—to an over-awing mob—would have ceased to be a part of an independent branch of the government. The one house system would prevail if that one house, "to satisfy the people," could coerce, by moral pains and penalties, the Senate into impeachment for class or political

reasons. The enterprise has not been abandoned; another judge who has offended the labor leaders is pursued persistently on trumped-up charges of malfeasance in a former office. A judge is human and may fall from rectitude. The constitution provides a remedy by impeachment. The judge referred to may have fallen; but his relation to a labor mob is the more probable cause of the assaults upon him.

A remarkable person, who a year ago burst upon the world as a labor leader, and in consequence of eccentricities of conduct more recently burst into a jail, has expressed the feeling of his class—not workmen, for he is not a workman—toward the courts in language worth putting on record here—for rough as it is, it serves to show the bitterness of mind we have to take into our account with happiness.

"If Judge Woods is not one of those ermined United States judicial clowns, tricked out in court spangles, whose legal tricks, high-jumping and lofty tumbling make angels weep, it is because high Heaven will not longer tolerate exhibitions of strolling mountebanks of United States courts. Of all the performances of Judge Woods, his latest, relating to the Pullman strike and imprisonment of innocent men, tattoos him as a God-marked Cain, as a judicial caitiff, base, mean, and tyrannical beyond the powers of exaggeration."

VII.

The challenge of our representative system by the so-called industrial armies, in 1894, was a unique incident in the public and social life of a free people. It served to teach us the hopeless inconsistency of men made miserable by abundance; for in so far as it was anything more than a folly, it was a revolt from government by ballot majority. It was a unique thing because these Falstaffian soldiers professed to be the people and to speak in the name of the nation to a Congress having tolerably definite orders from the electors. If the mandates were not executed, the complaints should have come from the majorities who elected the Congress. But the complaints came from the defeated, from the minorities; and the industrials represented ideas which had no place, or only a small place in the canvass for votes. The industrial (?) armies represented a revolting minority, and they were a significant indication of a whim element in American temper; for there was undoubtedly a considerable development of sympathy with the extraordinary proceedings of the Coxeys, Randalls and Kellys. In short, dissatisfaction with representative government is a large element in the making of current history. An easy test is this: We have come to fear more than we hope when a legislative body convenes. Most of us desire some new legislation, but we would forego that for peace and security. We could endure present laws; we fear the effects of changes in the laws.

This crisis has long been coming on. It has grown more definite because the perfected work of the political class has taken from the enlightened people and given to the ignorant and the debased an effectual control of elections, to such a degree that a senator or a representative often represents only "a gang" or a "combine," managed by a rich unscrupulous man. Besides, politicians have audaciously undertaken every two years, for a decade past, to revolutionize the fiscal and commercial policy of the nation, and so to subvert the basis of business security. All business proceeds upon an assumption that to-morrow and next year will be as to-day and this year, so far as legislation can enter into calculations involving time as a factor.

It is plain, if such conditions continue to surround governments by representation, and if these conditions, as is probable, grow more influential—wealthy combinations, ignorant or purchased voters, and interested voting becoming the most potent factors in law making—then our confidence in representative government must decline more and more.

The system assumes a majority and a minority party. But we are threatened with a break-up into half a dozen or more parties. And if there be only three, and the third assume a certain importance, legislation may be controlled by the smallest of the three parties—by a small minority. This situation was actually existent in England until August, 1895, and in the United States it is

believed to exist in the National Senate. In both countries third parties hold in a measure a balance of power. Government by a majority is not free from ethical difficulties; and the only moral appeasement of distrust comes, with us, from the Constitution and the Courts, as protective of minority rights, and in England from the actual influence of the crown and lords. But government by a small minority is intolerable; and even when the minority must win the co-operation of a larger body of legislators, it is felt as a grievance that the larger body should surrender some part of its opinions and should violate the spirit or the letter of its pledges to the people. The change produced in a legislator's opinions by experience may be welcomed; but his assent to laws which his judgment condemns must be a calamity.

This is a brief outline of the situation. It may be well to recall that government by representation alone is a novelty. The English system did not become such in fact until the middle of the century—if, in fact, it has become such. The influence of the crown, the peers, and the intellectual classes, controlled law making certainly down to 1850, and the queen and lords are still too influential to permit the entire control of law making by the electors of the empire. With us, down to a recent date, influences akin in character to the English conservative forces have checked the action of the pure democracy of our elective franchise; nor have they yet ceased to check that action. But the check is by many of us thought to be less effectual

year by year. Perhaps we have hastily taken counsel of our fears.

The truth is that government by a free and unchecked majority seems to be one of the ideals of the time; and yet it is among us moderns a pure novelty. It has often failed in the past. The wisest among us have always regarded it as an experiment, and have confessed that the intelligence and virtue of the people are absolutely essential to its success. Fifty years ago, though the unlettered were more numerous relatively, our confidence in the system was very strong. It has been greatly weakened by the growth of practical politics, by the failure of disinterestedness in electors and elected, and by the immense weight of the ignorant and debauched vote. All this has come about by the semi-socialistic legislation of the period, by the constant appeal to the interests of voters, by the increasing dependence of production and trade upon congressional decisions—that is to say, upon "popular" verdicts to be interpreted and executed by a three-party government beset on all sides by the clamor of the crowds and the subtler whispers of the wealthy few. Is there the smallest reason for expecting an arrest of the growth of distrust? It would seem that so long as a Congress has the power of life and death, alike over the corporation and the wage-earner, the interested element in voting must be dominant and more and more suppress the force of disinterested and self-renouncing patriotism. We have to check more severely than we have yet attempted to do, the power of the

legislator over our fortunes. The disinterested element must grow larger when industrial life gets fairly upon its feet. Or, if disinterested is too fine a word, let us say industrial virtue will give us good government. Every human organization must live, if it live happily upon sentiments and devotions; but these spring where virtues are grown in the open fields of toil. Meanwhile, we have to make shift with legislative apparatus which selfishness has appropriated to such an extent that we should prefer trying to do without any legislative apparatus rather than incur the risks of this one in its present hands. Our safety for the time being is secured by the enlightened self-control and self-surrender to the duties of patriotism of a large body of Americans who check legislation in various ways, who are in fact a great obstacle to the success of the self-seeking element in political life. Nor is that life all unwholesome or even in greater part unwholesome. Sound vitality is still the large fact; diseased life is a small, relatively small, fact; but we do not wait until diphtheria is in every house before seeking disinfectants and remedies. We might get on nicely with a legislator who spent all his time in the study of his business, but should be allowed only once in ten years to open his mouth to proclaim a new law. Contrast this with the from twenty to forty thousand bills put on their passage in our half hundred parliaments each year of grace; and not one of these bills is a self-denying ordinance.

The strength of industrial liberty is the char-

tered government—constitutional government. The people have at every opportunity narrowed the powers conferred by the charters. There is no reason to expect that they will ever enlarge these powers. If an infant state hedges its legislator in a narrow space, we cannot anticipate that our whole people will throw down constitutional fences and barriers. The plain effect of these limited charters is to require that novelties shall win the support of large majorities; that they shall be hewed down to fit into the constitutional system; that the majorities behind them shall be, not the accidents of a year, but the vigorous growth of decades. Our judicial system, the best in the world, in all human history, will remain a bulwark of liberty and right, because it will remain wise and independent. We are amply protected against gusts of passion and against corruption in all forms except those which may involve the great popular heart. And this last is not worth considering as a contingency, for the simple reason that the temple of industry cultivates the virtues which give health to national life.

CHAPTER IX.

ETHICS AND INDUSTRY IN UTOPIA.

I.

SOME part of our unhappiness is due to the swiftness of our march into Utopia, to the modernity of all about us. A half century has transformed the world in our hands and the triumph has made us drunken with confidence and desire. Swift travel, talking wires, cheap everythings and nothings, a thousand new things big and little, come into our lives and produce a new experience while they obscure or invalidate old experience. Precedents half a century old seem not to fit our new life and to bear no relation to our questions. In this down-pour of novelty, some things change not or change but little. The constant natural order brooks no meddling; but things are transformed so easily into new utilities that we scarcely realize the steadfastness and the adamantine limits of natural law.

The heart of man has not changed. The new bounty of the brain of man—by the side of which the old bounty of soil and mine, large enough for our wants but ineffectual for superfluity, fall into discredit with us—fascinates, bewilders and misleads human hearts awakened to the full exercise of the powers of desire. The new is advertised,

bepraised, cheapened, coveted. This is partly because it is new, partly because a new effort must be made to obtain it, partly because it is still a measured quantum, that is a limited one. To enjoy all the modernity of the world one must live in a city; hence the rush to the centers and the new feeling of the lonesomeness of farm life. To have all things one must have a large income and spend it all; hence discontent with modest fortunes and the fruits of living beyond incomes. This discontent is not conspicuous in the poor as our fathers would have defined the poor, it is larger in groups our fathers would have described as comfortable or even as rich. The human soul has awakened to covetousness of a long list of desirable things, and meets an obstruction in the difficulty in obtaining them. Philanthropists are more or less at fault and they waste ink and breath in describing inventions to relieve poverty at a time when poverty of necessities is not a common cause of complaining. There is such poverty, but the poverty of social romances is a poverty of luxuries or of things which were luxuries even fifty years ago. To get easily and certainly all those novelties of material life which a half century has produced—such are our problems. That all people may get them, so to say, by touching an electric button—this is our philanthropy.

The big machines, their cheap production, and mercantile competition tend, of course, to the wider distribution of superfluity. They clamor for a large market, and so business concurs with philanthropy in seeking to give everybody everything.

The head of the family cannot stop the strain of exertion when he has provided roof, food, and necessary clothing. He must go on straining to get for his loved ones an infinite variety of ornaments of life; and the ornaments are thought of now as necessaries were thought of by our fathers. A thoughtful man, given to economic calculations, recently observed that in his city ninety per cent of the people lived in houses or flats too costly for their means, and so were perpetually railing at high rents. He therefore gathered a little company of tenants and said to them: "You need not live in these costly homes. Decent dwellings are in the market for one-third of the rent you now pay. Fit your demands for homes to your means and you will find a supply to meet those demands. If the dwellings do not exist they will be built for you." This address provoked a storm of indignation: "Do you think our families would live in hovels?" The economist was a "brute" to his audience. Every disciple of Franklin who pleads on these lines is a brute, a heartless thinker, a hired servant of that modern devil called Capital, or of Wall street, or of whatever other demoniacal force may be thought of as hindering our easy access to all desirable ornaments of life. A house costing less than from three to five thousand dollars is a "hovel" to a clerk earning eight hundred dollars a year. The case was tersely put by a street car conductor: "How is a man earning thirty-five dollars a month to pay thirty of it for rent? Rents must come down or wages must go up."

It is not strange that scheming politicians humor the vagaries of the agitator's reforming imagination; it is strange that now and then a voice is raised against the electric button theory. We are undergoing a ferment, and the cause is the changed external world. The unchanged man wants all there is to have and enjoy—as he always did—and, with a world full of new enjoyments, he is not content to take less than his neighbor takes. If he must take less he reaches up as far as he can, and insists that his pay shall rise to the level of his rent and to the level of all else he has reached out and seized. Of course there is always a body of nascent capitalists who accumulate by living down below their desires. But the vast body of the children of this very new world of ours take the ornaments of life as a right; and they expect God or the government to remove any obstacle to their free and happy possession.

This outbreak of unrestrained desire affects conduct and morals. This better order of life suggests desire and weakens conscience. But the outbreak is especially apparent in the political world where the sense of defrauded hope is naturally active, where an increasing number of people look for happiness to be created and protected. This tendency is encouraged by a reflex action of the machinery of abundance. Wider enjoyment of ornaments of life means larger possibilities of gain in producing and distributing them. This fact is brought within popular vision by concentration of production. Goods could not be cheap in

the old way of making them and selling them. But the new way means that a man or a corporation may gain a single, whole and entire cent from each one of sixty millions of people in a single year. This means sixty thousand dollars—means millionaires. The cent may represent a saving of one hundred cents to the consumer; but the swollen aggregate of millions perplexes the voter and suggests to him the "robber barons" of an earlier time. And so rights and wrongs, honest gains and dishonest gains get jumbled and confused in the heats of irritated and discontented thinking.

The new order, with its banks and paper money and intricate system of exchange, has created puzzles for average minds—perhaps for the best minds, if they would but confess—and we are hardly aware how new it all is, how recently the merchant weighed out gold and silver in making payments. Elaborate contrivances for extending credit,, the smooth facility of coupon bonds, and the neatness and dispatch of mortgaging one's house, disguises the growing debts of the people; and when payday comes the reckless user of superfluity is tempted to think that the mortgage means a fraud at his expense. A disciple of Franklin might say: "It is too easy to get into debt." The modern man complains of the necessity of paying to get out of debt. The easily made debt seems sometimes to be listed among the prized ornaments of life, and the benevolent deities of our modern paganism—they are all benevolent—are expected to remove the debt in some painless way; hence the

desire of the inflation anæsthetic. All the science, ethics or economics which is concerned is crudely conceived and wildly argued—as though a dialectic could dispense us of knowledge—because the science has to do with complexities the older world did not know.

We are still, though faintly, warned and taught old lessons of self-restraint, prudence and self-denial; but the voices are faint, the teachers feed high and live in "ceiled houses" and follow the fashion closely in the cut and fabric of their raiment; and the listening youth has sharper eyes for the adornments than ears for the counsels of his mentors. The advice means going without things until one is able to pay for them. It is more pleasant and almost as easy to get them when and how we can, leaving the government to make paying easy or unnecessary. And so a growing force exerts itself in the direction of equality of possession—not straightforwardly, but sinuously and with a show of reluctance as though it were an evolutionary order to be submitted to in an extremity. Withal, a great multitude believe that infinite abundance exists; that we ought not to be required to labor for it; that the President might, if he would, touch an electric button, and give us all we ask.

One has only to look into the show windows of our stores, noting the variety and profusion of the display, to get a hint of our trouble of desire. Go into the houses and get another hint. Superfluity is abundant and it is widely distributed. But the getting of it strains the head and empties the

purse; and a yawning gulf of unsatisfied desire remains. Aching hearts forget the obligations of duty because they or theirs want more, always more. Can the earning power be brought up to the level of desire? Frankly, no, that is impossible. Desire must be chastened, regulated and *sweetened* by abstinence. Prudence of life is a larger virtue in days like ours; it has more work to do. Earn first and then enjoy—this is more rather than less a rule where enjoyment sits singing on every bough. The control of desire, or more comprehensively self-control, is a leading Utopian virtue. If we are to be happy in spite of abundance, we need to get into our lives the full power of those industrial virtues which make abundance possible. For before the tree is the self-mastered man; before the wheat field is the man waiting four months for the harvest; before the banquet is the fierce pain and rugged endurance of the hunt. Desire let loose makes us weaklings; working in harness with labor, desire makes us athletic.

II.

The writer of a book on "Social Evolution,"* showing wide and close reading of all the "reformers" of our social system, as well as keen insight into the philosophy of evolution which he labors to apply to modern society—furnishes us in a striking way with a revelation of the defects of our thinking upon industrial life. A student of our

*Benjamin Kidd: "*Social Evolution.*"

social evolution who has ranged over all the criticism of our industrialism ought to have discovered the neglected hemisphere of morals. He has, in fact, not the least suspicion that it exists. After demonstrating that religion influences life through a supra-rational sanction he passes at once to the development of altruism in our time, as the last step in a social progress; but he finds no real relief in it from his remarkable theory that conduct is religiously controlled against the findings of reason. The *cul de sac* into which the doctrine that Duty is irrational drives us, is neatly constructed and shrewdly placed where it is easy to tumble into it; but if it is a true line of evolution which he has followed, then the *cul de sac* will hold us fast in spite of all the efforts of philanthropy. A conflict between Reason and Duty must be a fatal one.

The lost hemisphere is indicated for us by Mr. Kidd's narrow view of Duty. He contemplates it only as requiring the individual to sacrifice himself to society. The following passage shows us the strange view discreetly veiled in terms of philosophy:—

"It is evident that any organization of rewards according to natural ability can have no ultimate sanction in reason for all the individuals. For as the teaching is that we are all the creatures of inheritance and environment, and that none of us is responsible for his abilities or for the want of them, so in reason all should share alike."* The neglected hemisphere lies close to the words "natural

*"Social Evolution," page 79.

ability." This means, the weak and incapable are not responsible for being born so. Granted. What no moralist can grant and remain moral is that environment is the only and exclusive cause of what a man becomes after he is born. If that be admitted, there is no duty for any man. The supra-rational sanction for conduct is not in any known system of morals—except Mr. Kidd's—contra-rational. Indeed, all teachers of morality tell us that duty is reasonable. Intuitive morals is not the same as supra-rational morals. The duties which are required by supra-rational authority may have all the sanctions of reason as well. Philosophers may have peculiar intellects which are capable of leaping across the vast space from Mr. Kidd's premises to his conclusion; but to practical minds it is *not* evident that "*should share alike*," follows from irresponsibility for natural inabilities.

It is not as altruism that Christianity has profoundly stirred modern life: it is as a doctrine of duty. This is the hemisphere lost out of Mr. Kidd's system; for, the very heart of this system of duty is *that it promotes the earthly well-being* of those who follow its teachings. Self-sacrifice is the exceptional element in this order of duties. Self-surrender to duty *is* comprehensive of living. It means not an altruistic, but an industrial man, who subdues his passions, lives laboriously, cares for his and his family's tomorrow, and serves society by becoming the best possible individual man. It is passing strange that this self-building side of Christian individualism should escape successively

a long line of speculative thinkers. It can be explained only as another example of the sequacity of mankind: somebody said "Christianity is exclusively altruistic," and the others repeat it. The first aim of any religion having culture in it, is to build individuals. Altruism has no base until the individual, self-building man exists. Mr. Kidd perceives that "share alike" would set us on the road to race degradation, by destroying the competitive energies of character;* why not perceive also that the large field of altruism is the culture of these competitive energies of our fellowmen, and that by such culture only can we reduce to a minimum the human wreckage of life; that, in short, industrial virtues are the growing powers in the social organization.

Reflecting upon the necessary failure of socialism, Mr. Kidd writes: "It will not help us even if there are to be no competing societies; and if, in the contemplated era of socialism, the whole human family without distinction of race or color is to be included in a federation within which the competitive forces are to be suspended; we may draw such a draft on our imaginations, but our common sense which has to deal with materials as they exist, refuses to honor it. We are concerned, not with an imaginary being, but with man as he exists, a creature standing with countless aeons of this competition behind him; every quality of his mind and body (even including, it must always be remembered, that very habit of generous thought

*"*Social Evolution*," page 210-1.

for others which gives heart to the modern socialistic movement) the product of this rivalry with its meaning and allotted place therein, and capable of finding its fullest and fittest employment only in its natural conditions.*

As an altruism only, Christianity could do nothing for modern society; it could only co-operate with all the destructive agencies. As a doctrine of individual duty, as a builder of individual men, it co-operates with the constructive agencies. It can help us in a large way only by exerting a large influence within the school of the industrial virtues. These virtues illuminate the neglected hemisphere, where our life, industrially organized, is advancing to abundance. To build, fortify and perfect character, industrially—fitting man for diligence, thrift, forethought, patience and honesty, is the large ethical purpose of religion. The enlightened man, so cultured, cannot be a selfish man. His enlightenment reveals the mutuality and altruism of all human success, through industrial honesty. Each helps others when he helps himself. Buyer and seller both gain by an exchange, and each may say "Thank you." This kind of altruism is productive, fruit-bearing. It helps men in the only way in which help is economically successful—adds a new product. The altruism of slumming is worth its cost only when it abolishes the slums by industrializing the slumites. And, without realizing its philosophical meaning, this is what the Salvation Army is doing in the slums—

*"*Social Evolution,*" page 211.

doing for the outcasts what industrial parents are doing for their children, but doing it under awful burdens, grown awful through industrial degradation.

III.

The unhappiness of Utopia has a moral cause; it comes out of the character and habits of the Utopians. The material conditions of abundance are supplied by intellectual forces, at work upon discovery and invention, but intellectual energy depends for high efficiency upon the moral energy. The two are intertwined in all human effort to make a better and richer world.

Utopia must be frankly industrial: it is created by industrial energy. It supervened upon an order in which idleness was the goal of aspiration; that order gave leisure in the sense of practical uselessness to a large part of the intellectually able people. It lost much of its best brain power through degradation of industrial effort. We have advanced very slowly out of this false theory of life, and every step of the way we have whined over the loss of a leisured class; over the base spirit of trade; over the absence of culture from modern life. Setting out with the best brain lost to us for any service, with culture limited by class wealth, we have had, in the first stages of our march, to deal with a base spirit and an uncultured life in the industrial world. Our progress has reduced idleness to the condition of having to admire itself; it has given us the service of our best brain; it has

corrected our beliefs about culture and leisure by the experience that the most cultivated people are busy people. At this moment our first American poet is a Wall Street broker; and our best thinkers in every sphere of intellectual action are men and women whose days are full of duties, whose incomes are bravely earned. Now and again a note of reaction is heard. Some novelists ridicule the man of means who goes into business, but the notes are faint and feeble. We have a pretty frankly industrial society. In the older provinces, the same causes are producing like effects. The increased refinement of towns like Manchester and Liverpool excites admiration. We see the industrial man everywhere coming to his own, consuming a part of his annual gain in nourishing his inner nature. And if a "four hundred," or any other group, choose to isolate themselves for mutual admiration, they are objects of ridicule to the press and of a tolerant contempt to the general body of enlightened people.

And yet we lack, in some ways, the frankness of our professions. Misguided parents rear sons and daughters on non-industrial lines. Our truest conception is that every citizen is a producer; that, therefore, boys and girls should be made on self-supporting models. We must expect unhappiness as the outcome of a low-producing and a high-consuming set of habits. The unhappiness may develop through a variety of attempts to live upon society. The boy may develop into a merchant too ignorant or too indolent to succeed. His inevit-

able failure gives us an adventurer living by his loose-jointed wits, at every turn taxing other men's toil to feed his overgrown habits of consumption. The girl may have her whole fortune in a wedding and wedding presents, and her entire art of earning may be pretty ways and half-known rudiments of music. She may marry a nice young man equally endowed for production; that is, not endowed at all. The pair will live gracefully at the expense of other people—the proceeding is disguised by one or another of a hundred fictions—and their children may get a chance to be worth something only through the tearing away of the disguises and the inevitable wreck of the home life. Married or single, Utopia has an army of such candidates for useless and burdensome and parasitic living, composed of both sexes, coming upon the stage every year. "I had a hard time; I want my children to have a good time"—this is a cry too often heard in Utopia. We are reducing this army every year now by the better training of girls. This is obvious; at a glance one sees it. Some hope is permitted that fewer boys are ruined by indulgence. And in one way the financial panics we indulge in tend to good—a certain number of boys and girls are industrially saved by the wreck of the parental fortunes. Many and many a man got his first real chance in life through the collapse of his father's business.

We have not yet a sound industrial morality at the root—not yet an imperative requirement of public opinion—that each man shall be industrially

fit—capable of doing something and of doing it well. The jack-at-all trades is still coming, toddling to-day across a carpeted floor: by and by purchasing carpets on monthly payments. A happy Utopia will grave deep into the conscience of every child, "I must be capable of fruitful labor. I must at least earn what I consume. I must lead a laborious life." It is a superfine nonsense that a working life must be painful; it is the only kind of life which may haply escape pain. To a man properly trained, dependence has the sting of degradation; now and then one starves rather than eat under that biting sense of humiliation; but for nearly every man this feeling is economic salvation.

Wrecked coasts ought to be cleared up of the broken ships which have come ashore. We have imperfectly comprehended this social duty. Feeding tramps pleases our indolent selfishness. We call it charity and think we are good. We ought to go about saving men and women industrially with the energy we put into our business. So long as we are contented to be charitable, we shall tolerate wreckage all along the shores of our society. The one great thing about the Salvation Army is this point it makes of industrial salvation. The churches are not altogether negligent in this work—far from it—but there is a great work to be done by change of front from charity to physical and industrial regeneration of human lives.

And in this work of putting afloat again the wrecked ships, we shall have to take account of

that great modern destroyer of industrial character, the modern drinking house. Our national drink bills are shamefully large, they are colossal; and whatever views a man may hold respecting total abstinence and prohibition of the traffic in drink, he will assent to the proposition that total abstinence and prohibition, if they could be attained, would give us a far happier world, a world with fewer human wrecks. The least any good Utopian can do in this field is to use his best endeavors to reduce the amount of alcoholic drinking. Coffee houses in Liverpool have accomplished much in this way of redemption of human life. Fortunately, too, every industrial enterprise tends to become a temperance society. The nervous mills, full of machinery, are more and more intolerant of drunken hands.

It is a transition time in Utopia; our people are not yet fully acclimatized; the requirements of an industrial life have been understood too imperfectly. Abundance has meant what it meant in old Rome, a big feast and a "good time generally." In Utopia it must mean just plain work, and more of it rather than less. For we desire to *keep* abundance; and that means labor and thrift. Could we convert all there is in our world—of human products—into consumption forms, it would last us but a few years; then we should be poor again. The social motive pushes us to industry. There is a stronger motive: the industrial ideal not only requires every man to produce as much at least as he consumes; it also requires him to convert his con-

sumption into products or into character—and that means building by effort the virtues of the industrial life.

IV.

Enlightened Utopians discovered when we first entered Utopia that abundance cannot be enjoyed without its appropriate virtues; and they have seen more and more clearly that the industrial religion of the first generation of Utopians leaves much to be desired. To be utterly frank, we Utopians are too dishonest to be happy, too dishonest to reap the full harvest of superfluity. In previous chapters some of the forms of industrial dishonesty have been mentioned. Our first task here is to insist that these evils in the economic world do not spring out of the economic law or out of the law of freedom. Freedom leaves the lists open to all knights of labor; the course is free for all who seek to run the race; it is a noble athletic game where training and endurance find no exclusive rules. But "slugging" is no part of the game; tripping up a competitor is no part of the race; and striking below the belt is not a principle of industrial knightly contests. The contention that because self-interest is the main-spring of industrial life, all forms and varieties of selfishness and unrighteousness are lawful in competition, is not supported by logic, is not justified by the conduct of producers under economic law, is a gross and slanderous mendacity.

Nor is it true that these dishonesties are an in-

evitable consequence of competition. One might as well plead that there can be no foot-ball without slugging and no foot-races without the tripping up of rivals. Human nature is such that some men may be expected to do wrong in any field of action. And yet we shall not deprive ourselves of ships because pirates used them in nefarious pursuit. The dishonesties of organized industries are found in the "primary" industries. We have known a farmer wrap half a pound of butter in a thin layer around three and a half pounds of cottolene and sell the fabrication for four pounds of butter. Men did not wait for the industrial age before becoming dishonest; and all moralists agree that organized industry tends to produce its appropriate honesties. Just as there is a smaller per cent of lives lost by railways than by stage coaches, there is percentage reduction in dishonesty under the competitive system. The industrial man must have a character; a shadow of disrepute lessens his gains, as a rule. "Good name" has as distinct a value in Utopia as it has in Shakespeare or Proverbs. It makes a market for a trade mark and it is a commodity and a capital. The "good name" or good will of a manufacturing enterprise is often divided into shares and sold for a large sum. Good workmanship commands a premium; a good workman is always in demand. A contractor recently said: "There are one thousand fine-work plumbers in this city to whom I would pledge four dollars a day each for three hundred days in the year, if they would agree to work every one of the three

hundred days, if able to work." Wage questions do not reach such men except through their chivalric fight for men of inferior skill.

It is more and more an inflexible rule that, goods must be "up to sample," or woe to the man who makes them. On a stock exchange or produce exchange a nod or a lifted finger is worth in gold the full amount of the promise. To keep his word is a Median law to every capable industrial in Utopia. There is more crime in real estate dealings—where every contract requires a signature—than in all the business of all the mills where "words are bonds good for deeds." Add to legitimate production the "sweating" industries and you will still have a smaller percentage of cheating than is found in "the simple and virtuous rural life." And industries tend in all departments to elevate the moral character of the workmen; and in some of them they administer a wholesome moral discipline. Fidelity is cultivated everywhere in the sense that the workman must do the thing intrusted to his moral nature as truly as to his hand. The switchman with trainloads of people in his hands, is only a conspicuous example of a law made necessary by the steam engine. It is also true that every workman in mills and on railways knows that intemperate habits will cost him his place. A banker in New York recently gathered his clerks together and said: "Do not go to saloons. If our customers see you there they will distrust the bank." "Selfish" do you say? Is it not a stronger temperance appeal be-

cause of that self-interest? The human being who waits to love the right until he can love it for its own dear sake and for that only, will never get ready to begin his devotions.

Industrial virtues are those virtues which are essential to success in the productive pursuits. They are honesty, truthfulness, fidelity, diligence, thrift. The last named is the center of this system of virtues. All virtues become contributory to industrial success. Temperance in all its forms, chastity, and even the spirit of forgiveness, aid the competing man. Every virtue comes at length under the rule of "the best policy." There can be no reasonable doubt that modern industry is the best moral gymnasium ever offered to mankind in our practical life. If the other theory, that competition is a school of crime were a sound one, Utopians would not now be worth saving. Their moral superiority to the non-competing peoples is plain proof that competition does not breed vice and sanctify wrongs. The place of honor which industries of all departments fill in their communities, is the significant sign that these athletic pursuits tend to make men clean as well as strong.

It is certain that, measured by a moral standard, the best half of the Utopians are the elite of human history. The three or four thousand marble saints on the roof of the cathedral of Milan were not, when they were flesh and blood saints, the moral equals of as many manufacturers, workmen, bankers and merchants who may be collected today in any province of Utopia. Yet to fill that

roof, centuries and the whole earth were ransacked. The modern plain men probably excel the frilled saints in athletic moral quality.

The simple and plain virtue of honesty would yield Utopia countless millions; not merely honesty in a thousand rich people, but honesty in a million people not rich. It would make possible many reforms which have no other obstacle but prevalent dishonesty. For example, every bit of capital could pass freely from the implemental form to the mobilized; from the mobilized to the free; whosoever needed money and could use it wisely would obtain it as easily as he now procures a pair of shoes. All the cost of protecting capital against dishonest debtors, venal legislators, lying promoters and unsuccessful producers or traders, would disappear. Fully one-third, perhaps half, the cost of insurance against fire would be saved. The results would amaze us. Capital would command a like interest in New York and in Colorado, in Boston and in Seattle. This rate would be regulated purely by supply and demand. A large sum, many millions, annually wasted now in watching, hunting down, prosecuting and rewarding rascals, would be left free for investment in production.

V.

The two great taxes, which are never taken off, are the fool tax and the rascal tax. The latter is often taken over from the former. Nor would either be very oppressive, if the fools were merely stupid and the rascals incurably and notoriously dishonest.

It is the fearful fatality of intelligent people to play the fool and of honest people to slip into criminality that swells the fool and fiscal taxes. And therefore nothing but industrial intelligence and industrial honesty will save our imperilled millions. Honesty in the abstract is not worth a bawbee for business purposes; the demand is for honesty in action, a trained honesty as sure and as regular as the stroke of a trip-hammer. One must depend on it as he depends on the analysis of an ore and the balance of a weighing machine. A large measure of such practical honesty exists in Utopia. The problem is to increase it, to make it so practically universal that insurance against scoundrelism, all sorts of such insurance will disappear, so that the seller of goods, in large or small quantities, will not consider it. The tribe of professional scoundrels would starve to death if the industrial people were uniformly honest. The thief and burglar depend upon "the fence," and "the fence" takes shelter under the examples of dishonest dealers. How to get an honest business world? Well, by just being honest. One great law of our humanity is much ignored in the culture of virtue — the law of habit. Nothing is more safely trusted than a man's habits. When they seem to deceive us, the error lies at the door of our ignorance; we did not know our man. It follows that the Utopian home, school and church have, in a measure, failed us, else we were *more* honest, to say the least. But training from the outside falls short, and the practical man is justified in distrusting the wholesaler of virtue.

The future Utopian will set himself to being honest. All virtuous habits develop and grow from within. Home, school and church can stimulate the growths, but they cannot be both soil and stimulants.

For this necessity of the inward culture of honesty, industrial life itself provides. Doing some work or some business honestly is the industrial school of honesty. The man working or doing business has nineteen motives for straight conduct to one for crooked dealing. "Business makes men honest?" Yes, in so far as it controls them, in so far as business ends are their ends. Unfortunately, a general theory prevails that business is not an end, but a means to some other end. It is, for example, a means to fine houses, rich clothing, social standing; when business is degraded in this way, it has a loose grip on a man, and the ends he seeks furnish his motor energy. Business is a means to character. So are fine houses and social advantages. But the business is the life work end—the *vocation to do*, which sums up exertion and the framing of oneself as a man living his life. Frankly to live the industrial life, to put house, clothing, society into subordination to business, as either helps or accessories—to be on purpose and all one's life an industrial person—is really the best of all impulses, impulsions and disciplines in honesty. A wit in the old country said of a neighbor: "He is a Christian, but he don't work at it much." Do working at it—however unconsciously and unostentatiously, however little it may be seen or felt—as

the mode in which habit is hardened into inflexibility. The people who are leading the industrial life for some other life, have no chance. It is rather only a question of chance when temptation shall bowl them over. The man who says low to his heart: "I must not risk my business career; this is my life" (not living) will not even hear a seductive invitation to fraud. He will harden into such tough moral fibre that he is no more likely to become a rogue than iron is to turn into water. There is in Utopia a great multitude whom no man can number of just such people. No other such school of honesty has ever existed in the world. It is the great school of the future. The home, the school and the church started these people right; they have "worked at it" until the honest habit is, not second nature, but nature itself.

The appalling thing is not after all what dishonesty costs us, but our almost systematic breeding of dishonest people. They are bred everywhere; in the school, in the home, in society, in business itself. It is a kind of demoniacal possession; its prevalence is summed up in "everybody lies," or "every man has his price," a creed which does not decay, a faith which never fails, a cult whose altars always smoke with sacrifice. The deep springs of it need not concern us here; the flow on the surface of life is, in any view, measurable and manageable. It flows out of false notions concerning the very meaning of the work and commerce of human life. These are called necessary ways to desirable ends. "I must work for

food, clothing, shelter; I must make my wife and children happy by my gains. I must get in order that I may enjoy." Each is a great industrial falsehood. The truth is, I must work because work is a good. I must save because life has contingent disasters and because to build even a small fortune is a fit end of aspiration. My family must also work because work is a good, and they must help not hinder me in my life-work. There are readers to whom this will seem almost a sacrilege. They fancy that knowledge, refinements, beauty and graces of speech, person or character are the true ends, and that industry must serve them as a mean bond slave. Their error is not in their esteem of arts, graces, and culture, but in their failure to see that these are but contingencies, incidents and sequences of the industrial order and life. Service is not a slave; make it a slave and it becomes despicable and is despised. We cut the throat of democracy when we deprecate sight or thought of the soiled and hardened hand, the faithful and regular business habit, the methodical accounting for expenditure and its adjustment to income. For if arts, beauty and joy are ends, and labor a common slave of these ends, then must we aspire to refined governing classes and struggle to keep our thieving and lazy slaves in subjection. Labor must be free and commerce must be noble in the habitual feeling of Utopians before the gradual extinction of dishonesty can be hoped for. And let us not forget that when we have suppressed dishonesty we have clothed work and trade with

their proper dress *as an exchange of services* of equivalents, so that every exchange means a gain to two persons, buyer and seller—means it not merely in fact but also in our feelings; and to have brought fact and feeling into harmony will have removed an immense burden of sorrow from the heart of Utopia.

CHAPTER X.

CHARACTER AND SERVICE IN UTOPIA.

I.

THAT industrial employments are the great character builders in human life must follow from the ethical conditions and necessities of our modern industries. They put character into the open field, mobilize it, so to say, and train it for hard and continuous conflict with natural obstacles. Every industrially trained man has in him some of the stuff of a pioneer; he lives close to a frontier to be crossed by effort to press the unknown into service of humanity. Having comprehended that he cannot well serve himself without serving his fellows, he has practically the genuine sainthood of philanthropy. To a well ordered industrial mind there is no hardship, and no mere sentimentality in thinking of himself as a servant of his equals and in surrendering himself to a free and unpaid service of the public good.

A moral claim may have no grip on a man because it has not entered the circle of his common tasks. But a duty in homespun dress is all alive with inspiring breath. We suspect that men are really moral in this practical measure. Did not the greatest of teachers clothe the highest of duty religion in homespun when he said: "Inasmuch as ye

have done it unto the least of these my brethren, ye have done it unto *me*." Some one tells of a servant girl who proved the soundness of her religion by the remark: "I sweep out the corners of the room now." What if by sound habit she had always swept out the corners? If it shall come about that honest work and thrift wear in all our eyes the honors of the world; if we shall come to feel that for none of us is there a nobler life than the industrial life, may not altruism get at last some solid earth under it? The prevailing conception of altruism is that, since the majority of mankind are helpless, it is the duty of the minority to bear the feeble folks upon their broad shoulders. It is not a perfectly inspiring thought. It is like a life in the hospital or a perpetual study of disease. A nobler conception is that industrial life is an altruistic service, and that the pathological side of society is an incident of relatively small importance, because in a moralized Utopia there should be few cases of adult helplessness. An altruism which seeks to repeal the natural law of selection through competition can do infinite harm to the object of its pity, and can increase the hospital service indefinitely; but it cannot repeal or even modify the law. It must build character and put it to competition service; if it cannot learn this lesson, altruism will become the phenomenal bankrupt of human history.

Some instruction may be obtained by the study of classes of character which exhibit symptoms of pathological disturbance; and by finding espe-

cially for workmen, speculators, and politicians the remedies for diseased character.

II.

The rise of a workman in Utopia furnishes an example of industrial virtue. Let us take a hard case, an extreme one. A young workman twenty-one years of age marries a working girl of twenty. For the first year of their married life, his wages average only fifty cents a day. The wife does the house-work and earns enough by some kind of occasional labor to pay for her clothing. Their bits of household goods sufficient for their two rooms were their only capital, but they are good and will need very little replenishing for several years. The one hundred and fifty dollars he earns pays their rent, their food bill and some necessary additions to his clothing.* It is the wife's economic religion to earn her own clothes, it is the economic religion of both to save five cents a day. They would no more fail to do that than they would steal. He has no wasteful habits, drinks no beer and never gambles. They live closely, very closely. Their food is plain, but an honest Utopian sells them wholesome food, and the cost of retailing it having been reduced, the amount they can buy is sufficient. The rooms they live in are small, but an honest Utopia has made them healthful. They will never be happier than they are during this first year. At the end of it they will have fifteeen dol-

*It will be understood that if an able-bodied workman earns only an average of fifty cents a day, the cost of living must be very low.

lars. He will invest it with great carefulness. Every nickel represents a heroic fight against the temptation to have a "good time" at the expense of his economic conscience, and he will look for a safe investment.

Our workman is not a man of genius; some workmen are, but we have selected one who is not. For him nothing could be better than an endowment life insurance policy, maturing in twenty years. With his fifteen dollars he can buy a policy representing a capital sum of five hundred dollars. This form of investment has several precious values: (1) in case of his death the capital sum will be paid to his wife, and in part supply her with a substitute for his economic value; (2) it is in an honest Utopia perfectly safe; (3) since fifteen dollars must be paid every year, he has strengthened his motive for saving by the pledge to save fifteen dollars a year; (4) at the end of twenty years he will have a little capital when his experience will have qualified him to put it and himself into a business. He proposes to cease to be an employed man when he is forty-two years old, in full and vigorous manhood. This purpose is one of his anchors in the sea of temptation. The second year there is a baby in the house, but the Utopian health of the wife is such that she can still provide her own clothing; baby's clothing she had gained during the first year. The man's earning power has increased. He is more expert and he is winning a reputation for trustworthiness. Still he earns only thirty dollars more than the first year, and half of this gain goes

into increased cost of living, chiefly in his clothing. At the end of the year he has thirty dollars free to invest; for his whole saving is forty-five dollars. He cannot do better than to put it into another insurance policy, maturing in nineteen years. He will now have approximately fifteen hundred dollars in sight —on his forty-second birthday, and the wife and baby are secure against a large loss in the unhappy event of his untimely death. He has pledged himself to save forty-five dollars a year. He will easily keep his pledge. The third year he earns a little more, but his expenses absorb that more. The fourth and fifth years are like the third. There are three children now. His wife can no longer earn her clothing; the children eat and must be clothed. These are the hard years of his life. But every child is an anchor more in this troubled sea. He is a Utopian hero: he will win victory with his stalwart soul. By this time he is earning three hundred dollars a year. He is expert in his homely kind and he is known to be a "trusty" hand. He has moved into larger quarters not for pride but for need, because there are five of them. He has religiously paid his life insurance every year; but having undertaken to rear three children he cannot do more. The expenses of the children will grow and the wife will earn nothing more until about the tenth year. Then the children will release her hands from some small cares; the expenses will not much increase, and she will bear them. After the first year our workman has a penny fund of savings, a provision for the accidents of life. This

fund is drawn upon in sickness, in times when work is wanting. Whenever the fund grows to five dollars, it is placed in a savings bank; but from year to year, good years more, poor years less, it grows; and though beyond his forty-five dollars of life insurance money he has no fixed amount of gain, yet the surplus in ten years is a respectable one, every penny of it bearing the stamp of his economic religion. His earnings will slowly increase, and the little penny fund, kept always for days without work, will grow. At the end of his fifteenth year, his savings bank book is worth some hundreds of dollars. Now his children earn their own clothing. It is an economic religion in which they are bred, that, after his twelfth birthday, the child must both go to school and earn all his new clothing. It will not cost much in Utopia; ten or fifteen cents a week will pay for it. The food bill of the workman is about twice as large as it was the first year and he pays more rent; but he has reached the top round of his earning power, and his four hundred and fifty dollars per annum are just three times as much as the winnings of the year one. He is now thirty-six years old, he is within six years of independence. He will save money now. The free school costs nothing and it is a college. If one of his children shows great promise and needs a little help to go to the city for special instruction, the workman can help a little; the child will do the rest, if it is worth doing. In Utopia fathers and mothers will gradually learn that an education is worth about what it costs a boy or a girl to get it,

after the child is sixteen years old. Our workman puts his savings aside in some safe place, a good savings bank. He is not anxious to be rich; but he knows by this time the investment he is to make; he needs perhaps three thousand dollars. Half of it is coming from the life insurance company. The penny fund which during the ten long years rose and fell with the changes in his household, some sickness and some idle days—this penny fund had some hundreds in it on his thirty-sixth birthday. During these last six years these hundreds have drawn a small interest and the aggregate is some ten or twelve per cent larger each year; he has put aside after paying his life insurance, a hundred and fifty dollars. There is an increase of this through interest and his three thousand dollars are won. It is a great victory. Waterloo and Trafalgar are insignificant in comparison. If the prize were worth nothing this twenty years' economic battle were worth fighting on account of its worth as a maker of economic character. But the prize has real worth. The workman may buy a little farm; he may do other safe things. Some one of them will secure him independence, not idleness; nobody wants that in Utopia.

This example is surely hard enough. Our workman began with very low earnings; he never gets high wages; he takes up early the burdens of a family; he has no strokes of good luck; he has no genius. He climbs very slowly. And yet he climbs up. His economic religion saved him, made him. At forty-two he is a prince of Utopia,

a capitalist, an employer; and he is able to surround himself year by year with superfluity. Presently you will learn that his income has risen to eight hundred dollars a year, by and by to a thousand. He and his wife are alone again. They have lived on one hundred and thirty-five dollars a year. If they spend five hundred now, half of their annual income will be saved. At sixty-two his neighbors call our workman rich. He has the highest honors of Utopia—those awarded to economic thrift and courage—but other honors, soiled and trampled in the mire of corruption during the early years of Utopian public life, await him in some kind of public service paid for in honor and honor only. Our workman has no genius, but he is intelligent and he has sturdy moral force. Having acquired independent fortune, he has some time to bestow upon the State, and that service will bring him a full cup of honor, because he will cheerfully and nobly serve Utopia for that high reward, honor and esteem.

In this sketch of a workman's life we have assigned to the wife a minimum economic power. In a moralized Utopia she would on the average have more. But we have burdened her early with the cares of maternity, and have kept in mind our ideal that she shall travel with her workman up to the days of perfect honor. It may be imagined that she will go on bearing children until she breaks her health and until thrift is swallowed up in the necessities of a large family. That happens in immoral Utopia. But when the economic

virtues reign they will enforce on workmen the self-restraint which will secure both the life of his wife and the independence he seeks. Neither infanticide nor any of its approximates in crime are necessary to the limitation of the number of children in a household; and the man who is brave enough and righteous enough to save something each week should not lack the self-mastery which regulates the size of his family. We have given him a fair share of the burdens and the privilege of perpetuating the human race.

It is possible, too, that death may overtake our toiler at the very moment when three children are clinging to the woman's skirts, and that the familiar tragedy of Utopia may be enacted once more. But our workman has provided for this day of trouble. The fifteen hundred dollars paid by a life insurance company will keep the tragedy off the stage. Her task will not be a light one; but she will be equal to it. At the worst the capital sum will diminish year by year as the children grow up. At the best the simple arts of labor she has learned in her youth and a resolute soul in a healthy body will enable her to support herself and family with the help of the interest upon her fund. Some compromise between these extremes may enable her to rear her children, to keep a part of her fund until they are grown up; and then she will be able to increase it and to provide for her old age. The industrial virtues require parents, even widowed mothers, to seek an escape from dependence upon their children,

just as they require children to begin early to earn a part of their living. The infinite variety of small tasks, requiring an hour or two daily, open the way to practical independence for children over twelve years.

We cannot hesitate to believe that this long fight for independence was good for the workman, good for his wife, and good for society. He has won a priceless thing, character; he is a manly man. His wife is a woman ennobled and made spiritually beautiful by her part in the battle. Their children have gained the one great prize in Utopia, a chance to become like their parents. The boys who "have no chance" in Utopia are rich men's sons. Society has gained a noble and useful citizen whose service is a gratuity, whose influence is a benediction. If by any device we could save this plain, ungifted workman the toils of the years that made a man of him, that device would do him an immeasurable wrong. He has no more sacred right than the right to build his fortune and himself by self-restraint, by thrift, by suffering voluntarily assumed, by indomitable courage and by invincible endurance.

In such a life as his we behold an ideal which is no dream of fiction or revery. The conditions for it exist because this is free and plenteous Utopia. No workman need wait until the better industrial morals become more common in Utopia. The roads to fortune and to character are open before him and invite him onward. He may contribute by a fresh example of the power of indus-

trial virtues to the moral progress of his fellows; and it will not be in vain for him to tread his highway of thrift with a conviction in his heart that he is making a better world by making himself a better man. The source of a social power in brave, clean, individual living is a moral economic force within and without the soul of the man whom it inspires and sustains.

It may be suggested that no account has been taken of the intellectual needs of our workman and his wife. This will be amply provided for in a perfectly industrial Utopia. The free public libraries will furnish them with books and periodicals. The amusements which may be of real service to them will be rarely indulged in and fully enjoyed, and need not trench on economies. The rule is that excessive play defeats its end, and that the rare treat furnishes the highest measure of relaxation from the strain of daily care and the highest measure of stimulant force. Too many young workmen and young women are trying to "have a good time" all the time; and therefore they are not refreshed by pleasure or strengthened by glowing excitement. When General Garibaldi visited England, about 1865, he attended a representation of an Italian opera. It was observed with surprise that he listened closely through the entire performance; and it was forgotten that he was satisfying an appetite sharpened by months of abstinence from opera on his island home of Caprera. It will not be a hardship but a beneficence that our workman and his wife cannot attend a place of amuse-

ment more than two or three times a year. This is the large reason why our Utopia ought not to imitate Rome by furnishing a free theater or to imitate some modern European cities by subventions to such places. Leave private zeal and taste to furnish and maintain "nurseries of art" in the field of amusement.

III.

A large source of unhappiness in Utopia is simple inefficiency. Many are trying to do what they do not know how to do, and they lack the patience and application required to make them expert. The receiver of a bankrupt coal mine, employing about three hundred miners, informed the author a few years ago that the expert miners easily earned three dollars a day while the majority did not earn more than half as much. At that time the receiver's living expenses for a family of four persons were less than four dollars a day, including rent in Chicago. Expert miners had therefore a good margin for savings. The inexpert increase the cost of the product and diminish the consumption of it. In this case the mine was abandoned because the miners' trust ordered a strike for higher wages, not because the men were paid too little, but because it was thought necessary to take away an advantage enjoyed by the mines nearest to Chicago; the producers' trust being the exciting influence and trading off interests in one region for wages in another.

How inefficiency works out is easily seen in the

dissatisfied and complaining workman. He imagines that everything is wrong in the world; he wishes to ruin his "selfish" employer; he wishes to reform the government. All the while the evil of evils is in his own incapacity and indolent will. The other side of the case is quite as bad. In building trades inefficiency runs riot with individual and general well-being. Efficiency is, relatively, labor saving; and it is the same whether one uses a plane to smooth a board instead of a planing machine, or employs a slouch to do what must be done by hand. Inefficient workmen add at least twenty per cent to the cost of a house, probably much more. If the house cost two thousand dollars there are three hundred and thirty-three dollars lost which might go into another house. There is not merely the loss, there is the increase of rent and discouragement of capitalists and home-builders.

The practical workings of inefficiency may be seen in an example: A desirable house—whether detached, semi-detached, or in a flat, costs, approximately, two thousand dollars. It contains from six to eight rooms and all the modern improvements. It is good enough for anybody and any efficient Utopian ought to be able to live in such a home. The cost of this house might be considerably reduced; and the reduction in cost would make a market for many more houses than are now built at two thousand dollars, and Utopia would get many more homes every year. There would be just as much labor employed if the whole

reduction came from increased efficiency in labor; but if as large a gain were made every laborer employed would get good wages; he would be able to live in the house he now builds for a more efficient Utopian; and he might be happy if he tried hard to keep a good conscience. These gains would be enough to satisfy any reasonable creature. But all the "out of employment" trouble in building trades would disappear through the making of all workmen efficient; because the cheapness of efficient labor would stimulate the desire for comfortable homes; and to reduce the rentals of a whole people is to release a considerable capital to be employed in other building. In such conditions the unemployed are invited to come to a demand labor-market.

The lines of the foregoing example do not correspond with our line of progress; but they show how efficiency tends to reduce distress. We can do much better than the example. The house is all labor; it is, therefore, a good example. Capital enters it to stay there and wear out. Now it will not happen that the efficiency of lumbermen, locksmiths, glass-blowers, brick-makers — the entire body of the invisible workmen employed on every house will be much increased. The decreased cost here, and to a considerable extent in the visible corps, will be effected by machinery displacing hand labor. The actual lines of Utopian progress correct the errors and losses of inefficiency in another way to be presently explained. It is worth while, however, to read our example as a showing of the folly of

workmen who rejoice in waste and think it cunning to waste as much work as possible upon a house. The classic "case" which discloses the dreadful error is here quoted from M. Frederic Bastiat:

"Have you ever had occasion to witness the fury of Jacques Bonhomme when his scapegrace son has broken a pane of glass? If you have you can not fail to have observed that all the bystanders, were there thirty of them, lay their heads together to offer the unfortunate proprietor this never failing consolation, that there is good in every misfortune, and that such accidents give a fillip to trade. Everybody must live. If no windows were broken what would become of the glaziers? Now this formula of condolence contains a theory which it is proper to lay hold of in this very simple case, because it is exactly the same theory which unfortunately governs a large part of our economic institutions.

Assuming that it "becomes necessary to expend six francs in repairing the damage, if you mean to say that the accident brings in six francs to the glazier, and to that extent encourages his trade, I grant it fairly and frankly and admit that you reason justly.

"The glazier arrives, does his work, pockets his money, rubs his hands and blesses the scapegrace son. *That is what we see.*

"But if by way of deduction, you come to conclude, as is too often done, that it is a good thing to break windows—that it makes money circulate

—and that encouragement to trade in general is the result, I am obliged to cry, Halt! Your theory stops at what we see, and takes no account of *what we don't see.*

"We don't see that since our burgess has been obliged to spend his six francs on one thing he can no longer spend them on another.

"*We don't see* that if he had not this pane to replace, he would have replaced, for example, his shoes which are down at the heels; or have placed a book on his shelf. In short he would have employed his six francs in a way in which he could not now employ them. Let us see then how the account stands with trade in general. The pane being broken the glazier's trade is benefitted to the extent of six francs. *That is what we see.*

"If the pane had not been broken, the shoemaker or some other trade would have been encouraged to the extent of six francs. *That is what we don't see.* And if we take into account what we don't see, which is a negative fact, as well as what we do see, which is a positive fact, we shall discover that trade in general, or the aggregate of national industry, has no interest one way or the other, whether windows are broken or not.

"Let us see again how the account stands with Jacques Bonhomme. On the first hypothesis, that the pane being broken he spent six francs, and got neither more nor less than he had before, namely, the use and enjoyment of a pane of glass. On the other hypothesis, namely, that the accident had not happened, he would have expended six

francs on shoes, and would have the enjoyment of both the shoes and the pane of glass.

"Now as the good burgess Jacques Bonhomme constitutes a fraction of society at large, we are forced to conclude that society, taken in the aggregate, and after all accounts of labor and enjoyment have been squared, has lost the value of the pane which has been broken."

Our line of progress is not towards making every workman at all times the equal of every other in efficiency. We have gone wrong, and gone to misery, by organized contempt for the natural law of the situation. It is unjust that a carpenter should receive full wages as soon as he can drive a nail; or that another should get full wages when he requires double the time of an expert to accomplish a given task. Nor should a plumber get full wages as soon as he learns how to make three journeys between the shop and a bit of repairing. Everywhere the attempt to equalize the good and the bad, the thrifty and the unthrifty, the capable and the incapable, drives us upon the rocks of disaster. Utopian abundance has come through the prizes offered for merit—industrial merit. The law must be applied to labor.

It is easily claimed that the inefficient man's needs are equal to those of the efficient. It is not a question of needs, but of superfluities. "He has a family." He has no business with a family he can not support except by filching from the wages of the expert workman. The *grading* of labor by experience, skill and capacity will greatly change the

lines of our example. The inexpert are entitled to their chance to learn or to earn what they can, but only to proportional wages. In building trades one-third of the men would be reduced to apprentices' wages; one-third would be paid much less than they now are because they are slow; and the best third would get more than they now get. The rectification of the wage-list would leave a large sum to be paid to unemployed men and to new men. There are no unskilled kinds of labor. Handling a spade is a field for skill, and an expert digger is worthy of admiration. He is often worth three green hands, or two poor hands. The whole field of labor is open—labor outside of mills, especially—to a readjustment of wages on the basis of efficiency; and the readjustment will take up all the unemployed who know how to work or are willing to learn how.

The inexpert man, if he is a grown up man and has a family to support, is to be pitied and encouraged to make himself efficient—and exhorted to suffer bravely the consequences of his mistakes. It is an awful crime against efficiency to pay him the wages of the capable workman.

It will be useful to recur to the open and inviting field of the building trades. There are some twelve millions of homes in the United States; without any immigration, there is a demand for at least one million new homes every year. The third part at least—or four millions—of the existing homes are temporary huts or worn out houses. The demand for new homes is at least for two millions a

year. Such an adjustment of the labor employed as would reduce the cost of houses would not only fully take up all the men; it would also inspire men in other callings to do better work and increase the general efficiency by the influence of good homes as possessions or as aspirations.

"This is hard doctrine." That is our disease, to regard any plain requirement of equivalents as rapacity in business and cold-blooded in teaching. We are afraid of straight lines in morals, and we refuse to believe that they exist in natural law. So much for so much is neither rapacity in trading nor cruelty in thinking; it is eternal justice. Mercy has its place; but mercy is neither wages nor price; these are the domain of righteousness. The hard doctrine furnishes a motive for learning one's business, for being diligent in it. Just in proportion as we rub out these lines, we weaken the springs of character and these springs have no strength to spare. In spite of the confusion wrought by happy-go-lucky sentimentalism, Utopians are worth saving; and the way of justice will save them. Nor should we forget that equities tend to produce equalities. Let us give every man a fair chance to make himself as good as any other man.

IV.

The large field of waste in competitive life is speculation; it is the one field in which industrial virtues need careful cultivation. The speculator is an inventor; he finds new opportunities, and if the opportunity is a large one, he may gain large

profits, while he confers a benefit on Utopia. Columbus was a speculator, moved by those motives of self-interest which are the source of Utopian superfluity; and he opened the largest and richest of our provinces to us. The men who discovered the mines of gold, silver, iron, lead, copper and other minerals, were all speculators, and the benefits coming through their "selfishness" are incalculable in value. The plain, poor farmers who pushed their way westward through New York, Pennsylvania, across the Alleghanies, through Ohio, Indiana, Illinois, across the Mississippi and the Missouri, up into the Dakotas and over the Rocky Mountains, were all speculators without knowing it; they sought a larger gain in the wildernesses than they could obtain in the bosom of the society they left behind them. The benefaction of their enterprise and courage is so vast that we do not profess to comprehend it.

Competition in such fields is not always close enough to nourish the higher industrial virtues. People are suffering in "The Great American Desert"—only too correctly described in the old geographies, though irrigation will make it a blooming garden—because land speculators misrepresented that region. Land speculation has often enhanced its gains, in this march across the continent, by misleading enthusiasm or by plain lying. True men there have been, a great company of them, in this army of speculators; but they have rarely been able to set and maintain a standard of truthfulness. No one doubts the usefulness of the

discovery of ores, base and precious, but the "salted mine" is only one of a hundred forms of rascality in mining territory. The maxim, "If you have bought the devil, sell him again," tempts all men who have been deceived to deceive in their turn. It is a principle doing fatal work in all speculative enterprises which are concerned with the imperfectly known, and the wretched maxim passes into innocuous desuetude only when knowledge has come to guide the investor safely. Close competition has been accused of begetting rascality; the true effect of it is to reduce the opportunity of the rascal and to discipline character.

Speculation in securities—or the placing of shares and bonds on the market—is another field of waste. Its rascalities have the same explanation as those of land and mining speculation. The competition is loose-jointed, and the purchasers are deceived because their facilities for obtaining knowledge are imperfect. Two or three large fortunes and several hundred small ones have been built up under these conditions. The purchaser is not a perfectly innocent victim. He pays a large profit to the chief speculator in the hope of a large profit for himself. He also is a speculator. The result is that his small fortune goes to swell the growing fortune of the chief speculator. The "robbed" have the same motive as the "robber." Nor is there always, perhaps there is not often, an immoral element in the transaction. If a dozen or twenty railway lines are consolidated, and new shares and bonds of one great company are sub-

stituted for the shares and bonds of the small company, the new securities will be worth more than the old. How much more cannot be ascertained. All our railroads have had a growing business; what it may grow to in any case cannot be determined. The certainties are that the consolidated company's property will honestly earn more for a time, through mere force of economies in administration, and that the chief speculator has earned something by effecting the union of interests. The uncertainty concerns the amount of this gain, the proportion of it which the manipulator has appropriated, and the value of that great future for the line which he exploits. This man may be defectively moral, but so also are his "victims." The man who believes that he is "getting something for nothing," whether he buys a gold brick or a railroad bond, is apt to have his selfishness more largely developed than his judgment. But it must be maintained that getting a profit is a very different thing from getting something for nothing. An economic profit is a reward for some service, and the service may be rendered by a speculator as certainly as by a manufacturer. Counterfeited gold bricks, "green goods," bucket shops and other too familiar exploitations by rascaldom, are immoral acts committed under the disguise of speculation. The victim is usually a partaker of the other man's sins. In the line of legitimate speculation where some service is rendered to society by ventures — the profits are large or the losses are large. A greater or less risk is properly rewarded by a prize

proportionate to the risk. The discovery of a new copper mine will, in the future, reduce the cost of copper to Utopians, and therefore the man who invests, perhaps his all, in the discovery deserves the immediate gain. It is best for society that he should have his mine—he has added to Utopia's resources. The price of the ore will be a lower price than it would have been without his discovery.

Speculation in products is a field of close competition; and, except on the curb-stone, there is no appreciable tendency to immoral dealing. A produce exchange is usually as honest as a vestry meeting, church society or quarterly conference. Perhaps the strangest thing in Utopia is that legislators and congressmen should feel capable of regulating the morals of produce dealings. The parts might be exchanged with profit to Utopia. The main facts are these: The produce of a year must be "carried" by capitalists for an average period of six months – from the harvest time to the day of consumption. To some extent the farmer performs this function of the capitalist, by holding back his grain; but vast quantities are put upon the market because capital will buy and carry grain. It is an advantage to the farmer that he is able to market his produce for cash just when it may suit his wants or convenience. Now, the very stupid complaint is that produce speculation depresses the price, so that in consequence of such speculation the farmer gets a lower price than he ought. If this were true, no capitalist would buy wheat. The

depressive force works daily, and in any three months ought to work out a loss on every bushel of grain in all the elevators. The investor who buys wheat in October would, upon this amusingly babyish reasoning, necessarily sell it for less money than it cost him. Therefore, nobody would buy real wheat if "fictitious wheat," sold in unlimited quantities, did actually depress prices. And yet wheat can be sold every day in the year for good money at the market price made by the exchanges.

The produce exchanges render a service by determining every business day the value of farm products. That value is competitively determined. Each bidder backs his opinions with his money. The miller and the investor know what price to pay. There is just as much "wind" bought as there is sold; and "wind" in this case means that the purchaser pays only a part of the cost of his purchase, but he pays all that part which is at risk or contingent upon the course of the market in the immediate future.

That there is no immorality in dealing on stock exchanges, produce boards, oil markets, is not the contention in this place. There is a large volume of such immorality, but it is a kind of immorality which industrial life has detached from its complex associations and precisely defined. The bad morals consist in doing business for which one is not qualified by special knowledge and experience. The Utopian who tries to run a mill or a farm or a chicken yard when he is altogether ignorant of the business is an industrial sinner. The effects

of his folly appear in wastes which are sometimes desolating. The savings of half a village are sometimes poured into a "salted" gold mine or into a good mine which no one of the investors has the least capacity for exploiting in any way. A fever of oil speculation has been known to carry off most of the surplus and much of the individual property of a small city, into a market of whose conditions no one of the victims possessed the smallest amount of certain information. There are times when large volumes of the savings of small businesses flow like a spring flood into Wall Street to be invested in margins upon stocks. The people who in those seasons hand over their wealth to a few men of large fortunes have no knowledge, experience, or skill in the very useful but very complex business of a stock exchange. They are sinners because they are gamblers. Some of the men who take the money from them are also sinners against the industrial commonwealth. The forbidding of a free man to buy stocks, partly paying for them, is not by any means a simple and easy and righteous thing; on the contrary to deny that right to any man might be an injustice. The wrong doing is the personal wrong-doing of full grown free men. They ought to know that they are gambling—taking an unknown risk—and the Utopian moralist ought to thresh them rather than Wall Street.

It is axiomatic that the government of a people cannot be better than the people. Another truth is wrapped up in the axiom, and that is this: all

sound reforms begin in character; and if a people have grown up into industrial virtues, laws will not be needed to make these virtues effective. The old maxim, "The world is governed too much" is considered rank heresy in Utopia, and we have half a hundred legislatures, and a Congress over all, trying to prevent lying, cheating, and shamming, in a world where these forms of unrighteousness were never yet put down except by King Conscience and the parliament of public opinion, which is the viceroy of individual conscience. Somehow we must get it into our very hearts that a man has no right to risk his money in markets—money or produce—when he knows nothing of the elements and combinations affecting prices. If the people who take, in these markets, risks they are incompetent to measure or insure, were kept out by personal conscience and public opinion, the evils of these markets would disappear. They will not vanish for any conjuring with legal restraints. These markets have industrial value. They fix values from day to day for the benefit of investors; this value would be impaired by hostile legislation, and the less scrupulous speculators would carry on an illicit trade in devious ways.

The number of people who can be enticed by the promise of doubling their money several times in a month is revealed by the exposure of "blind pools" and other such baits for avarice, and the number is appallingly large. It is the measure of a great industrial vice in character which must be

pulled up by the roots. No doubt these people are enticed, but very rarely are the tempters members of the exchanges. For the greater part the enticers are adventurers with a convenient variety of names and post-office box addresses.

Still there can be little doubt that one-half the business annually done in reputable offices is done for men and women who are "out of their depth," and exposed to risks they have no right to incur. If the business of exchanges were reduced one-half in volume, the *morale* of the business would be vastly improved. This is especially true of Wall Street speculation. The high-tides and the low-tides there are covered with wrecks because the men who have no business there swell and shrink the volume of transactions. As a guide to investors, a wheat market is almost always trustworthy; Wall Street is often a very unsafe guide. While legislation can do nothing to cure the people of gambling speculations, the honorable members of exchanges can do something in that direction. The great fortunes made in Wall Street are few, the small fortunes lost there are many; and while the losers are primarily responsible, the reputable offices have done business for many of these incompetent persons. We read from time to time "the outside public is not buying;" "country buyers have lost confidence in the market;" which being interpreted means that "lambs" are not coming to the slaughter, and that the innocent person from a country village is a support of inflated values, and that without him business in the stocks of uncer-

tain value cannot be prosperous. When Utopia finds the highways to happiness, business at exchanges will be confined to investors. Three-fourths of the volume of business will be lost with profit to the public, and the loss will mark a stage in the progress of Utopian morals.

The speculative temper is responsible for a large share of our misery. Its worst effects are not panics but arrested development of industrial character, which grows as plants grow upon settled conditions, and which is killed outright by speculation crazes as western cornfields are sometimes desolated by torrid winds.

The late Mr. Walter Pater's *Plato and Platonism* revolves around the republic of Plato as a philosophical, and yet more or less subtly practical, attempt to call the attention of his countrymen to the dangers of their fast and furious life of adventure, novelty and enterprise. The spiritual content of the book is not in terms, but in the deeper sense of it, a delicate and cautious criticism of the century just passed, which may, not altogether in caricature, be described as a century of "booms."

We need not array the proof that this newspaper word fairly describes the condition and spirit of the hundred years behind us. It is not merely a condition of progress, of change, of new things and new forms in abundance, nor yet of invention and of scientific and mental triumphs. It is much more a fluid and mobile state of human society, with immense displacements of populations and conquests and colonizations all around the world, with

mill-building and city-building—all accompanied by the hopefulness and buoyant—not to say insane enthusiasm, which mark the development of a "boom." The material and statistical facts are important enough; but more important is the impress this movement makes on human character. The common and, let us hope, the sound belief approves enterprise in all its swift processes of change; but there is something to be said for a sober and steadfast world. According to Mr. Pater, the idealizing and speculative Plato said all that there is to say long ago, and said it with strict reference to the unsatisfactoriness of the "boom," as a spiritual element in the creation of character. For his Athens was as full of enterprise, movement, change, as it was possible for a small state of that age to be; and it lived in close touch with all the uncertainties of domestic and foreign policies, and delighted itself in great improvements "and new expansions of political privileges"—very much as the modern Englishman and American do.

Doubtless Plato was not alone in feeling that the centrifugal forces in Athenian life had death in them; the "boom" was sure to extinguish the nationality it kept in a volatile mass, ready to be blown in any direction, especially in the direction of ruin. From this philosophical view of his own Athens—a view not so much expressed as implied in his scheme of an ideal republic—Plato turned to Sparta as a quiet, orderly and steadfast land, where men grew up in the bonds of inflexible discipline, and when grown went on applying this perfect

discipline to the next generation. There never was a "boom" known; progress was such as we see in the growth of a tree, slow and orderly, without enterprise and without periods of panic and depression, and especially without a trace of the corrupt politics of Athens and of our modern world. We cannot express sympathy with that Dorian life as a whole: but some part of its disciplinary spirit might be desirable. It would, perhaps, relieve us of the danger of having periodically to liquidate our "booms" at great cost and in much humiliation of soul. And if we ever triumph over the "boom"—in business and in politics—we shall owe our success and our peaceful security to the plain men and thrifty men in whom industry has perfected, by practice, the teachings of sound morals.

The pessimist is never a success; Plato was not. He could not stay for a moment the inevitable collapse of the "boom" public and social life at Athens. Nor in our modern order can the philosopher of sorrows to come expect a large audience. We have, indeed, a successful type of political pessimist; but he succeeds by the "boom" method. "Everything," he tells us, "is wrong; but pass this little bill of mine, and the sun will shine again." He is much addicted to finding the causes of all evils in groups of persons—for example, in those who are so depraved as to lend him money—and not infrequently starts a "boom" for some form of sectionalism. In short, this pessimist is an agitator, a peddler of novelties, and a part of the centrifugal forces which, if they were not checked by

the Constitution of the United States, would as surely wreck us as they wrecked Athens.

The habit of change, the expectation of change, the desire for change—these three represent as many disintegrating forces. They may be successfully resisted by general confidence. In ordinary conditions they are effectively resisted. We have scurried from the Atlantic to the Pacific with incredible speed, and we begin to perceive that presently we shall have no new country to "boom." The fear of change in economic conditions is already expressed by more than one man with a scheme of legislation to suggest, and by a silent multitude who are asking in their hearts: "What are we to do for a new expansion of the republic?" The expectation of change arrests production or sets it spinning gayly along. We have seen both in the last three years, caused by tariff and money tinkering. The forecast all men in a "boom" civilization must make, or suffer when the change comes, requires too much mental effort for the mass of men; and so our history revolves around the acrobatic financial feats of a few speculators in natural conditions and in human credulity. The habit of change imparts restlessness to youth, breaks the strength of maturity and embitters age. So little can be depended upon to remain constant.

In spite of the increase of schools—some think in consequence of it—the discipline necessary in the making of men out of boys is more and more relaxed and flaccid. We all sigh sometimes for a touch of the Spartan order in education—that is,

in the whole rearing of men. We are as yet saved by the maintenance of older ideals about the rearing of girls; but even here the impatient spirit of our "boom" civilization is producing some effects unpleasant to look upon. Some minds have turned hopefully to military discipline as a possible remedy; but testimony concerning the moral effects of barrack life cuts off any hope in that direction. What human character needs is the discipline of the industrial man.

Nothing which the Spartan achieved commands so much of our approval as the economic virtues of Puritan character. Our life is broader and richer than the life of the Puritan; but we should be less unhappy and vastly richer if we had kept, or could recover the industrial virtues of the founders of New England. Spartan and Puritan both held themselves down. And a man is never so near perfect happiness as when he has thrown his animal self down and is sitting upon the conquered beast.

After a race across the continent, attended with unprecedented catastrophes to be discounted from an unprecedented achievement in development, we have almost by instinct passed into the domain of speculative civilization. The "boom" acting, as strong drink often acts upon the imagination, has converted a mass of people into boom thinkers, boom reformers, and boom religionists. It is a vanity of vanities. We are in the eternal grip of inexorable, unsentimental, pitiless natural law.

VI.

Public service may well reverse the rules of the competitive life, for patriotism ought to be a religion in which men *give* their best and are honored according to the quality of that best. Two things must be true: (1) There cannot be a pure public life so long as public service is a money prize; (2) There can be no honor in public service when the government pays for every ounce of that service the highest market price. The scramble for office in our Utopia is inspired by the hope of a prize; the office sought will, in nearly every case, yield a larger income than the office-seeker can earn in private-life. Reduce the salary to a point where the servant of the people must give something and we shall open the paths of honor. These paths are closed and will remain closed so long as we flaunt prizes in the eyes of the millions of men seeking the highest pay for their services. So large a mercenary element has entered into government service that it is gravely proposed to pay members of school boards in country districts adequate compensation for their time, say twenty dollars a year. The small cities imitate the large in paying salaries to their aldermen; and trained judges leave the bench "to make some money," while the press bewails the fact that "judges are so poorly paid." The wholesome theory that patriotism should be rewarded, distinctively rewarded, with honor is flouted or forgotten; and yet we wonder that the people give little honor to public servants.

Two peoples about equally distant from us in their conditions and spirit furnish instruction respecting public honor. The Hebrew High Priest "lived of the altar." The Hebrew memory did not treasure his name and keep it alive by monumental honors. Another kind of Hebrew had no salary, no emoluments, no social privileges. But the nation built the tombs of the Prophets; and their names are classic glories of Hebrew history.

The brilliant day of old Greece was made for it, not by statesmen or poets, but by the wholesome spirit of its public games. The greater Greece which envelopes even us, and even now, grew out of the spirit animating those contests. The struggle of this spirit was for the excellent, for the best, whether in athletics or in æsthetics; and the crowned runner, poet, or orator represented to the whole nation some pinnacle of achievement towards which all Greek eyes were turned by the victory. And to this victor what spoil was given? A handful of parsley, a few sprigs of pine or wild olive. That was absolutely the whole material reward for a victory which made an entire kingdom or province proud of its champion, which lifted a family up into distinction, which set the noblest tasks for Greek art. At the very time when its noble life accepted a handful of leaves as a prize, the whole people's public life was being assassinated by bands of mercenaries in political life. The analogy is easily seen. There has been an awful force at work in our American life to build into us the mercenary conception of reward—the force

of the general and painful poverty of our people down to about 1840 or 1850. All social tracts have suffered and still suffer from the venal estimate—all the way from the boastful "It pays" to the interrogative, "What does it pay you to preach?" But no one doubts that we have kept some clean spots, and that for nobler things than Greek athletic or æsthetic we have traditions and ideals of noble striving. High character, noble service, whether conspicuous or not, command a reward more highly prized than gold. Our very practical problem is to extend this spirit of high service into public life; it is the problem of the political world whenever popular institutions offer the poor citizen a chance to plunder the rich citizen, or *vice versa*. We have—and long may we keep—a conspicuous success in our national Supreme Court. There, at least, the money reward is not even so much as a poor half of the compensation. We pay these men chiefly in honor—in that for which the crown of twigs stood in Greek feeling. But why is there a perpetual scramble for positions, post-offices, and city clerkships? Mainly because every such office means a prize quite unlike a bunch of parsley; because the money reward is in excess of that for like service in private relations or, at least in excess of the wages the aspirant could earn in private service. This excess of money reward is, of course, freely denied; but the plain citizen knows only too well why men desire public office. And where the mercenary spirit is so systematically cultivated there is small wonder that the laurel

crown is little regarded and has a diminishing worth. We cannot hope for the best service, hardly for clean service, so long as the salary shuts out of view the honors of office.

Another untruth abundantly taught is that any species of public work should be paid for with money; and especially that to interest oneself in an election and to promote the success of a principle is to earn money—to be paid with salaried office. And, therefore, whenever a devout citizen approaches the altars of his country to lay patriotic sacrifice upon them, he finds the altars hemmed in by mercenaries who wonder aloud: "What does this fellow want?" A certain suspicion attaches to all kinds of political effort, as though one must have a corrupt interest in any political action. We need to vindicate for those who value the olive crown the right to serve without pay and "to spend and be spent" in patriotic service. But even greater is the need of abolishing prizes. If every public service were, like that of the supreme court, a sacrifice of money, rather than a gain of it, a great growth of disinterested service might be expected.

Two objections are urged. "Your plan shuts poor men out of public service." It does not; for a frugal life is not necessarily a thing to be abandoned when one is elected to office,* since the

*Anything like economy in the domestic life of a public man is apt to excite contemptuous remarks. And yet we know that General Washington kept his private accounts at the White House with scrupulous care. And it is related of Count Moltke that he allowed only forty-five dollars a month for his house-keeping expenses, even after 1870, and that the family often consisted of from eight to ten persons. To this account he also charged up the eggs, butter and milk of his own estate. Mean? Fill Utopia with such meanness and its sorrows will pass away.

election does not increase the breadth of a back to be clothed or the demands of a stomach to be fed. But what if a citizen had to live self-denyingly for years in order to lay in store for a period of public service? Would not this flavor of self-sacrifice impart itself to the bunch of parsley, to the honors of public service? The other objection to small salaries is that the offices will go to small men when pay is small. This objection assumes that we are so thoroughly demoralized that there are not enough clean people to fill the offices. But a man is hopelessly small whose motive in patriotic duties is the money reward. We need the man who values the crown of oak leaves; he alone can render us high service. We are not likely to get him so long as he must hustle with meaner men for meaner rewards.

The doctrine that the public ought to pay more for everything than private persons do, and that therefore a government contract ought to be a prize, is not so audaciously paraded, but it is tenaciously held. It implies that the *patria* is something to be plundered. This common belief that a democracy must be expensive is a root out of which mercenary deeds grow, and it is a constant suggestion to the young that the country ought to be prodigal toward them.

The decadence of the belief that the office should seek the man and the open-faced candor with which men seek office—office meaning money nine times in ten—show us a heresy crept into the royal seat of true doctrine. In a civilization

wherein men pick themselves out for lucrative offices and surround the office in such numbers that the people have no power to select the fit, the non-competing man—such a civilization can have small use for laurel and olive leaves of honor. We are rapidly losing the sense that the people choose their servants; and every whiff of fragrance from such service arises out of, not place sought, but honor conferred.

There lie about the roots of the mercenary growths in public life these and other beliefs, doctrines, maxims; and the school, the press, and the pulpit can and must check the mercenary in public affairs by teaching sound doctrine. It is not this or that "reform," which can lift our public life into the nobility of the olive crown; in fact, many schemes to redeem the nation from evil are only forms of the activity of the mercenary spirit. The thing yet unattained and as yet scarcely dreamed of, much less aspired to, is to give public life the power, manliness, and far-reaching glory of the Greek games, made more glorious by Christian conceptions of the highest things in service. This disgraceful public life, made shameful by greed and plunder, is not to be externally molded into moral comeliness and refined into moral cleanliness by any trick of ballot boxes. The reform must be inward, searching, spiritual, divine. In bulk, public life is as clean as the heart of the whole people. It will cease to be corrupted by the mercenary spirit when that spirit is cast out of American life. The highest civil function, the most patriotic duty,

the divinest service of the dear motherland is to build a better manhood; and that will redeem us. Nothing less than that manhood deserves our confidence as a check to the mercenary savagery and barbarism of political life. Altruism may well begin in a conception of an industrial career as a common beneficence; and it may wisely reach so high as to bind men by a patriotic religion to serve the *patria*, when summoned to such service, without a mercenary's reward.

THE END.